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LONDON, THURSDAY, JULY 19, 1984

Coed Ticket Watches Its Image

Mondale's Imperative: Hands Off His Running Person

By Maureen Dowd
New York Times Service

SAN FRANCISCO — From the first, there had to be a policy on kissing.

"Mondale cannot, whatever he does, kiss her," said Patrick H. Caddell, the Democratic pollster.

There was a moment of suspense on this score when Walter F. Mondale and Geraldine A. Ferraro made their first joint appearance in St. Paul, Minnesota, last week. They circled each other a bit warily, not sure of the etiquette of the first meeting of the first coed presidential ticket.

"He looked like a teen-ager on the first date with: 'how in the world do you plan the course on her problem?'" said Robert Squier, a Democratic campaign consultant.

As they begin their campaign, Mr. Mondale and Ms. Ferraro are facing questions, both serious and humorous, of manners, semantics and body language, or kinesics: Who should stand where, who should walk first, whether to touch, how to address each other.

The way they handle their campaign will forever change the public perception about men and women in politics, the experts say.

Mr. Mondale has already been asked at a press conference about their hands-off policy. "Jimmy Carter never touched me," he said.

Frank Mankiewicz, a political consultant, said: "It's a tough issue that is deep in the collective uncon-

scious. They'll have to go slowly. Their spouses should always be present. They don't want people to think they're ever alone together. They can't touch. They'll have to stay separate for a while."

They must, their advisers say, strike the proper balance of a relationship that is professional and friendly but not romantic. They must project the image of a team, rather than that of a couple.

"You don't want to turn them into America's fun couple," said Mr. Squier. "He has to treat her as a presidential candidate."

Mr. Squier suggested that the role of Ms. Ferraro's husband, John Zaccaro, would also have a positive influence. "Maybe with John Zaccaro," he said, "we'll finally come to the end of the cutsey questions asked of female spouses such as their favorite color or their hobbies."

It is clear the two candidates are being careful. In their appearances, they have avoided the traditional embrace, preferring to merely stand next to each other and wave.

At an appearance at a women's fund-raising event in San Francisco this week, Mr. Mondale hugged and kissed many of the women on the stage but did not touch Ms. Ferraro. When they finished, she gestured to see if he wanted to walk off the stage first, as he did the same. They solved the problem by walking off side by side.

It is generally agreed that the chemistry between the two has

been excellent, with Mr. Mondale's staid image getting a spark from Ms. Ferraro's livelier personality. They have already faced the jokes.

In a monologue last week, Johnny Carson, the television talk show host, talked about how angry Joan Mondale will be when her husband keeps coming home late and says he has been in private sessions with the vice president.

One of the first slogans the Democratic women's caucus came up with after Ms. Ferraro's selection was "The beef is a heifer."

In this heightened atmosphere, it will be important to check speeches and remarks to make sure they are not mixed with double entendres, said Mr. Mankiewicz.

"Jimmy Carter used to refer to an intimate relationship with Mondale," Mr. Mankiewicz said.

Mr. Squier agreed: "A lot of the stock phrases will have to be changed. Mondale can never say we have a ticket with broad appeal." He added that he has made a list of political phrases that will now be prohibited, starting with "clean skirts."

Midge Costanza, former assistant to President Carter for women's issues, said it will be crucial for the Mondale staffers not to use "buzz words for women" when they talk about Ms. Ferraro, such as "shrew" or "strident."

Mr. Mankiewicz suggested that the term running mate be switched to "running person."



Jacek Kuron, left, a Solidarity adviser, shakes hands with Wiktor Wozny, a dissident writer, after a Polish military court in Warsaw postponed Mr. Kuron's trial Wednesday.

Trial of Solidarity Advisers Postponed Pending Polish Action on Amnesty

The Associated Press

WARSAW — A military court Wednesday postponed the trial of four prominent Solidarity advisers while it waited for Poland's parliament to act on a proposed amnesty for political prisoners.

A spokesman for the Communist government confirmed that the three-member military judicial panel had postponed the highly publicized trial, which began Friday.

But authorities did not say whether the defendants would be included under the proposed amnesty, which the Sejm, Poland's parliament, is expected to approve at a special session Saturday.

"The judge said that in connection with PRON's appeal to the Sejm, the court had decided to postpone the trial and wait for its decision," according to a government spokesman, Zbigniew Augustynowicz.

PRON, the Polish initials for a public opinion group with strong ties to the government, urged parliament Monday to adopt a "broad amnesty" for political prisoners.

Bronislaw Geremek, a top adviser to the outlawed Solidarity union who was in the courtroom, said later that the postponement was announced five minutes after the

day's session began. Western correspondents were not allowed into the trial.

The four defendants, including two prominent opposition intellectuals, Jacek Kuron and Adam Michnik, are accused of plotting to overthrow Poland's socialist system by force. The four were leaders of the workers' rights group, the Committee for Social Self-Defense, known as KOR, and were Solidarity advisers in 1980-81.

After meeting with the defendants, Mr. Kuron's son, Maciej, said Adam Michnik was still insisting on being acquitted. Mr. Michnik had said before the trial that he would not accept an amnesty because it would mean he was guilty.

The other two defendants are Henryk Wujec and Zbigniew Rosniewski. All except Mr. Rosniewski have been in prison since the imposition of martial law on Dec. 13, 1981.

The government of General Wojciech Jaruzelski made intensive efforts to avoid holding the trial, offering the four freedom in return for pledges to abstain from political activity or accept temporary exile. All rejected the offer.

The trial finally was scheduled after Mr. Kuron went on a hunger

strike to demand that either a trial be held or the defendants be set free without conditions.

"The authorities still don't know how to treat this trial," a defense lawyer said after a court session. "They don't know whether it should be a big political event or just pass unnoticed."

Jerzy Urban, a Polish government spokesman, said Tuesday that the final shape of the amnesty bill had not been determined and that he did not know whether it would include all of Poland's political prisoners, which he said numbered 660.

Mr. Urban said the authorities were prepared to grant an amnesty to their opponents because of a "decline in the influence of enemies of the system" in Poland.

The amnesty would coincide with national celebrations on Sunday marking the 40th anniversary of the proclamation of Communist rule in Poland.

The dock strike is tied to the

Truckers Block Channel Ports, Disrupt Ferries

Compiled by Our Staff From Dispatches

DOVER, ENGLAND — Hundreds of angry truck drivers stranded by a British dock strike blocked four European ports Wednesday and disrupted ferries carrying thousands of vacationers across the Channel.

The miners' leader, Arthur Scargill, and Ian MacGregor, the chairman of the state-run National Coal Board, had talks in a London hotel Wednesday, the seventh round of negotiations since the strike began.

Truckers from Britain, Switzerland, France and Italy parked trucks end-to-end across approach roads, blocking access to ferries.

An overnight blockade at the French port of Calais was extended to Dunkirk and the Belgian ports of Ostend and Zeebrugge, the harbor board said. Boulogne, France, was apparently unaffected, a spokesman said.

More than 1,000 trucks were stranded in Calais and almost 200 in Dover.

In Dover, freight operators blocked access to the port with their cars. They left when police intervened but threatened to return with heavy vehicles.

The dockers are refusing to handle freight but are allowing passenger services to continue.

The truckers say they refuse to be the only victims of the action and hope that if passengers suffer, Prime Minister Margaret Thatcher will come under pressure to settle the strike quickly.

The strike, which started last week at cargo ports, spread to Dover on Monday.

"We will be stuck with 38-ton lorries and we will close the port completely," warned a freight operator. "We are losing £500 (\$600) a day."

He said that truckers realized their action would upset holidaymakers but added: "Holidaymakers do not stand to lose their trucks and their homes, and their children are not going hungry."

The dock strike is tied to the

four-month coal miners' strike, because of the use of nonunion labor at the port of Immingham in northern England last week to handle iron ore. Dockers were already refusing to unload ore supplies, destined for British steelworks, in support of the miners.

The miners' leader, Arthur Scargill, and Ian MacGregor, the chairman of the state-run National Coal Board, had talks in a London hotel Wednesday, the seventh round of negotiations since the strike began.

The miners suffered a setback Wednesday when a court ruled that the National Union of Mineworkers was acting unlawfully in imposing a tough new disciplinary code on miners who refuse to join the strike.

Upholding an appeal by nonstriking miners, the High Court ruled that the code was illegal because it was adopted at a miners' union conference that was held in defiance of a court injunction.

"Those who defy a prohibition ought not to be able to claim the fruits of their defiance," ruled the judge, Sir Robert Megarry.

Mrs. Thatcher was meeting with her ministers to discuss the effects of the strike, and there was no sign of readiness for compromise. Talks between dockers and management ended Tuesday.

The dockers' strike has paralyzed three-fourths of Britain's imports and exports, and market officials say acute shortages, especially of fresh fruit and vegetables, may be felt in the next four weeks.

In Paris, the French truckers' union threatened to blockade other French ports unless their comrades in Calais and Dover were allowed to complete their journey.

The French union cabled Mrs. Thatcher and warned of "very grave economic consequences" for France and Britain. It said the truckers could not be expected to stand by "watching the tourists boarding ships while they are condemned to an indefinite wait."

(UPI, 4P)



Cars arriving from England drove through lines of trucks in Calais on Wednesday as truck drivers blocked four Channel ports to protest being stranded by Britain's dockers' strike.

2 Nicaraguan Leaders Linked to Drug Traffic

By Ronald J. Ostrow
and Doyle McManus
Los Angeles Times Service

WASHINGTON — High-ranking members of the Nicaraguan government have been linked to a cocaine-smuggling scheme involving Colombian traffickers, U.S. intelligence sources said Tuesday.

Among the officials implicated are Interior Minister Tomás Borge Martínez and Defense Minister Humberto Ortega Saavedra, whose names surfaced during a Drug Enforcement Administration investigation of the Colombians, the sources said.

Government officials said they relied in part upon high-resolution satellite photographs and information supplied to the drug agency by the plane's pilot, a DEA informant.

Some officials theorized that the operation may have been undertaken by the Nicaraguans to earn foreign exchange for the expense of fighting anti-Sandinist rebels backed by the U.S. Central Intelligence Agency.

The officials said the scheme also could have been designed simply for personal enrichment.

Word of the alleged Nicaraguan connection to the scheme began to surface in the United States last week, forcing the DEA to withdraw its pilot-informant from Central America last weekend.

The pilot told U.S. officials that

(Continued on Page 2, Col. 4)

"We just barely got the guy out of there," one official said.

Last month, General Paul F. Gorman, commander of the U.S. Southern Military Command in Panama, had charged in a speech that the Nicaraguan leadership was involved in drugs.

Reagan administration officials had held three meetings with Nicaraguan envoys in recent weeks to explore the possibility of formal negotiations about the conflict between the two countries. The most recent session was held Monday in Atlanta.

Asked whether the administration planned to continue the talks despite the Nicaraguans' reported involvement in the drug trade, a State Department official said: "Hell yes. We'll take them as they are."

Sources said that information about the Nicaraguans' role in the smuggling first came to the U.S. drug agency's attention through the pilot, who was a U.S. intelligence source earlier this year and given money to buy an airplane for the operation.

The pilot flew to Managua and taxied to an area of the airport used for official planes, government sources said. Mr. Ortega's approval as defense minister would normally be needed for such an operation, according to the sources.

The pilot told U.S. officials that

(Continued on Page 2, Col. 4)

French Minister, Communists Meet

By John Vincour
New York Times Service

PARIS — Laurent Fabius, the Socialist moderate appointed prime minister Tuesday night, consulted with President François Mitterrand and Communist leaders Wednesday about the composition of his new cabinet, with the question of Communist participation still unresolved.

A source close to Mr. Mitterrand said the cabinet list would be made public Thursday. He said it felt he was probable that the Communists, junior partners in the Socialist-led government since 1981, would retain a number of posts.

Mr. Fabius talked Wednesday with Georges Marchais, the Communist Party leader, Transport

Minister Charles Fiterman; and André Lajoinie, the party's floor leader in the National Assembly.

Earlier Wednesday, the Socialists indicated that the Communists could choose to remain in the government.

The dollar rose to a record against the franc. Page 13.

ernment. If they did, they would have to accept a prime minister regarded by the party as a symbol of an economic policy contradicting basic leftist ideals on full employment and government support of industry.

Lionel Jospin, secretary-general of the Socialist Party, when asked about the Communists, said, "We don't see reason not to continue

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BUSINESS/FINANCE

■ U.S. economic growth may prove stronger than expected, a top Commerce Department official says.

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TOMORROW

■ Leonard Bernstein talks of his new opera, "A Quiet Place," and the major surgery he performed to save it.

Weekend.

SPECIAL REPORT

■ The long coal miners strike has dealt a blow to Scotland's economic recovery.

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Iran Publishes Embassy Papers Showing U.S. Intelligence Operations

By Elaine Sciolino
New York Times Service

NEW YORK — Islamic militants in Tehran are continuing to publish photocopies of secret cables, government documents and personal papers found when they seized the U.S. Embassy there on Nov. 4, 1979. And since thousands of pages of sensitive documents are believed to be still in the Iranians' hands, it is possible they will be published for years to come.

Seventeen paperback volumes of

In Fabius, Mitterrand Finds Youth, Toughness and Loyalty

By Paul Lewis
New York Times Service

PARIS — Laurent Fabius, France's new prime minister, personifies the new, hard-headed, pragmatic brand of Socialism on which President François Mitterrand is trying to rebuild his party's political fortunes.

At 37, Fabius is the youngest prime minister in modern French history. Despite his youth, he is a close confidant of the president and a proven, battle-scarred political ally.

As minister of the budget and more recently as industry minister, Mr. Fabius helped mastermind the ideological about-face that France's Socialists are engaged in under Mr. Mitterrand's leadership.

Fabius May Intensify French Austerity Plan

By Axel Krause
International Herald Tribune

PARIS — Laurent Fabius is expected to continue and possibly intensify the government's economic policy of austerity, according to French Socialist leaders, diplomats and businessmen.

Many said they were reassured by the appointment of Mr. Fabius as the new prime minister by President François Mitterrand on Tuesday. But some business leaders and bankers said that they feared what they termed his "technocratic approach" to solving economic problems.

Mr. Fabius's main policy aim is expected to be to reduce government spending programs and lower the national budget deficit to 3 percent of the gross national product, business leaders and government officials said.

A major question was the future of Jacques Delors, who resigned as finance minister along with the other members of the government of former Prime Minister Pierre Mauroy. Mr. Delors is widely regarded in France and abroad as the architect of France's restrictive fiscal and monetary policies.

Senior officials in Paris, Bonn and Brussels said that the French government had officially submitted Mr. Delors' candidacy to succeed Gaston Thorn as president of the European Community Commission at the end of this year. They said that they believed he

They are trading their leftist policies for more cautious, conservative policies.

Like Mr. Mitterrand himself, Laurent Fabius represents the middle-class, intellectual tradition that has always played a powerful role in the French Socialist movement. The son of a prominent antique dealer, he was born in Paris on Aug. 20, 1946.

He graduated from some of France's most prestigious schools, including the Lycée Janson-de-Sailly in Paris, the Ecole Normale Supérieure and the Ecole Nationale d'Administration.

After entering an elite branch of the French civil service, Mr. Fabius was drawn into Socialist politics by Georges Dayan, a close friend of Mr. Mitterrand. In 1974, Mr. Fabius

joined the Socialist Party. He quickly became Mr. Mitterrand's economic adviser and then his chief of staff. He was elected to parliament in 1978.

A year later, he was appointed spokesman of the Socialist Party and in 1981 he assumed his political future by managing Mr. Mitterrand's election campaign.

As minister of state for the budget in Mr. Mitterrand's first government, Mr. Fabius was theoretically in the No. 2 spot in the Finance Ministry, serving under Jacques Delors, a nonpolitical civil servant appointed finance minister.

But he quickly established his independence, and his leftist credentials, as the architect of France's new tax on wealth.

Mr. Fabius fought for the high-

est tax rate against Mr. Delors's pleas for moderation. He also demanded that the tax be paid on works of art until Mr. Mitterrand overruled him, fearful that this would result in privately owned works being sold abroad.

Mr. Fabius then began an all-out war against currency smuggling. Under his direction, French customs agents scored a notable coup when they obtained the details of about 5,000 secret Swiss bank accounts held by French citizens.

Mr. Fabius's attitude began to change as the Socialists' expansionary economic policy, designed to lead France out of a recession, led to high inflation and a decline of the franc. Instead of being "the scourge of the rich," as the press frequently called him, Mr. Fabius

joined forces with Mr. Delors to push through an austerity program that caused a sharp increase in unemployment.

Later in 1983, when the Socialists' economic policy led Jean-Pierre Chevénement, a leading leftist, to resign as industry minister, Mr. Fabius was chosen to succeed him.

Immediately, this ministry too took on a new coloration. Instead of pushing plans for more state intervention and new nationalizations, Mr. Fabius began to preach the virtues of private enterprise, free competition, low taxes and hard work.

"The private sector," he said, "is predominant in France and it is going to stay that way."

Under his direction, the Social-

ists started cutting back on subsidies to money-losing industries, announcing plans to eliminate tens of thousands of jobs in steel, shipbuilding and coal mines.

The government's popularity fell, but Mr. Mitterrand and Mr. Fabius stood firm.

By appointing Mr. Fabius prime minister, Mr. Mitterrand made it clear that he intended to continue his painful drive to restore the French economy to health and give the country a flourishing, competitive private industrial sector.

Mr. Fabius married Françoise Casio in 1981. They have a son, Thomas. Mr. Fabius's official biography does not mention his favorite hobby, which is the distinctly un-Socialist one of show-jumping.

WORLD BRIEFS

Lebanese Moslems in Protest Strike

BEIRUT (UPI) — Moslems closed their stores and stayed away from work Wednesday in West Beirut and throughout Israeli-occupied southern Lebanon in a strike called to protest the kidnapping and expulsion of a religious leader.

Sheikh Mohammed Hassan Amin, a leading Shiite, was abducted by 10 gunmen Tuesday from his home in the southern port city of Sidon, then fled and ordered not to return to southern Lebanon. Police in Sidon said the sheikh apparently was suspected of instigating attacks against Israeli forces.

Lebanon's new "national unity" cabinet announced the restoration of diplomatic ties with Iran, broken in November when Iran refused to withdraw its forces from the eastern Bekaa valley. Government sources said Iran has pulled its forces out of the Bekaa leaving only about 200 clerics in the Shiite-dominated region.

Israel Seizes Another Civilian Ship

TEL AVIV (UPI) — Israel reported Wednesday it had seized a Lebanese ship that it said was involved in an abortive seaborne "manned" attack against Israeli citizens.

The military command said Israeli gunboats stopped the 750-ton Ulah, chartered by Palestine Liberation Organization activists loyal to the PLO chairman, Yasser Arafat, off the Lebanese port of Tripoli "several days ago" and "interrogated the ship's crew continues."

It said the Ulah had lowered a rubber dinghy with four guerrillas to carry out an attack against an unspecified Israeli target on June 21-22. The command said the assault failed but did not say why. The civilian vessel was the second in three weeks seized by Israel. Two people aboard the ferry Alizur Blanco, which was intercepted June 29, are still in Israeli custody.

Begin Reportedly Making TV Appeal

TEL AVIV (UPI) — Former Prime Minister Menachem Begin, a virtual recluse since resigning 10 months ago, will appear on television for the governing Likud party before Monday's elections, the Jerusalem Post said Wednesday.

The Post said that Mr. Begin "has been recorded in sound and on video in what is believed to be a final appeal to his party's electorate." Polls show the Labor opposition leading Likud.

In a telephone interview with Israel Radio on Tuesday, Mr. Begin said he had yet to decide whether to appear in a Likud election advertisement.

U.K. Sets Defense Staff Shake-Up

LONDON (WP) — Britain's defense minister, Michael Heseltine, formally announced Wednesday the government's biggest shake-up in the ministry's 20-year history, including creation of a powerful new unified defense staff.

The re-organization was outlined in preliminary form to Parliament in March and will go into effect in January. The plan would do away with nine top military and civilian posts in the effort to streamline the high command by 1988. Mr. Heseltine said, "It would also reduce the civilian defense work force from 20,000 to 17,000."

The plan had been viewed with concern by many senior and retired officers, who feared that it would inhibit competitive advice to the defense minister in a crisis. The military chief of the defense staff, Field Marshall Edwin Bramall, said at a press conference Wednesday that the service chiefs were "absolutely satisfied that there are adequate safeguards" in the re-organization plan to balance civilian and military advice.

Soviet Space Crew Prepares to Dock

MOSCOW (Reuters) — The Soviet spacecraft Salyut T-12, carrying two men and a woman, began preparations Wednesday to dock with the orbiting space station Salyut-7.

The official Soviet press agency Tass did not say when docking was to take place.

The three cosmonauts, Vladimir Dzhanibekov, the commander; Svetlana Savitskaya, the flight engineer; and Igor Volk, a researcher, were launched into space Tuesday. Ms. Savitskaya is on her second space mission, having visited Salyut-7 in August 1982, Tass said.

New U.S. Dumps Are Said to Leach

WASHINGTON (LAT) — The head of the Environmental Protection Agency's cleanup program said that "probably quite a bit" of the toxic chemical wastes removed from illegal dumps under the federal Superfund program has been shifted to other substandard dumps, where it is again leaching into the groundwater supply.

But the official, Assistant Administrator Lee M. Thomas, said that the new commercial dump sites are the only ones available to store the tons of chemicals hauled from the dumps covered by the Superfund, which are regarded as the nation's most dangerous. Despite deficiencies, Mr. Thomas said, the new storage sites are far superior to the unsupervised dumps where the chemicals were being kept.

The 30 commercially operated dumps for Superfund wastes are among more than 1,500 major chemical storage sites that the environmental agency plans to review to determine their compliance with U.S. safety standards. The reviews could take two years or more to complete. Mr. Thomas said, but the upgrading of substandard sites could be required before then.

South African Reportedly Died in Cell

JOHANNESBURG (Combined Dispatches) — Johannes Ngalo, arrested during rent riots Sunday in the black township of Tumahole, died in police custody, a lawyer for his family said Wednesday. Also, a witness said he saw a man being beaten in the police station where Mr. Ngalo was found dead in a cell five hours later.

Patrick Lekota, publicity secretary of the United Democratic Front, said in an affidavit sworn Wednesday before Bishop Desmond Tutu that he saw the beating. The lawyer, Priscilla Jana, said Mr. Ngalo, 24, was not involved in the riots. The police held an autopsy Tuesday but did not reveal the cause of death. Ms. Jana added, "There is to be another autopsy Friday at the request of Mr. Ngalo's family."

The police demolished more than 200 squatter shelters at the KTC camp near Cape Town on Tuesday. Leaders of the 500 black people there had defied orders to move to the nearby Crossroads camp for fear of attack by a rival group. (UPI, Reuters)

For the Record

President Ronald Reagan signed on Wednesday a series of tax increases and spending cuts intended to pare about 10 percent of the \$600 billion in federal budget deficits expected through 1987. He had lobbied hard for passage of the legislation by Congress.

Guatemalan election officials said a rightist coalition has the most seats in the new Constituent Assembly, despite finishing third in balloting July 1. The coalition of the National Liberation Movement and the Nationalist Authentic Central will have 23 seats out of 88, they said.

Correction

Because of an editing error, the London theater column in Wednesday's editions failed to note that "Babes in Arms" played for only five nights last week at the London Academy of Music and Drama.

Jackson Will Back Mondale

(Confirmed from Page 1) Siegman said, "But we are encouraged by his effort to heal the wounds, and by the apology he uttered for the pain he caused. And we deeply hope that this is the road he will pursue in the future."

"Tonight I thought we heard one of the great speeches of our time," he said. "It was a powerful, compelling — a stirring moral appeal to our nation for justice, a willingness to ask for forgiveness, as we all make mistakes."

Even the normally cynical television anchormen were extravagant in their praise. David Brinkley of the American Broadcasting Co., who has been covering conventions for 30 years, said: "It's not possible for any white person to fully understand how this must have seemed to black delegates. I've never seen so many tears in a convention hall."

Henry Siegman, executive director of the American Jewish Congress, reacted cautiously to Mr. Jackson's address.

"One speech does not in itself undo all that has gone before," Mr.

The VIP FOR VIPS.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Toward a Space Deal

The Soviet and U.S. governments are talking about a September meeting in Vienna to talk about organizing talks about space weaponry. While they dance this waltz, the main hope for halting an arms race in space lies elsewhere—in the U.S. Congress.

An approaching congressional decision will determine whether the Pentagon can test a new anti-satellite weapon, or ASA 1, in space this fall. Satellites are the eyes and ears that verify arms control parts. They give early warning of missile attack, route two-thirds of U.S. military communications and provide vital reconnaissance and intelligence. Anti-satellite weapons are therefore worrisome space arms and their testing against a target could make the anti-satellite race irreversible.

Such a test has been barred since 1983 by the Tsongas amendment, which requires the president to certify that he is making a good-faith effort to negotiate a total anti-satellite ban. The administration, however, seeks a military advantage in deploying anti-satellite weaponry and has so far rejected this condition. In April, it told Congress it could not devise a beneficial agreement and opposed negotiations. Struggling now to get past the Tsongas rule, it has persuaded the Senate, but not the House, to pass a水下 requirement to negotiate for "the strictest possible limitations" on ASATs.

Some Pentagon officials would then negotiate only for rules that help avoid peacekeeping incidents in space. Others would ban tests of high-orbit ASATs and, perhaps, limit each superpower to the one low-orbit system it has developed. But while most U.S. satellites are stationed at high altitudes, the Soviet Union's are mainly in low or low-eccentric orbits. And whereas America's new anti-satellite weapon is

a highly sophisticated two-stage rocket fired from an F-15 jet fighter, the Russians' ground-launched interceptor can be neutralized by simple countermeasures. So Moscow wants a ban on tests and deployments and a moratorium on tests during negotiations.

If the U.S. tests are successful, the Russians will surely want to match or leapfrog them, shifting the space arms race from a trot to a canter. Much depends, therefore, on how the House and Senate ASAT amendments to the 1985 defense authorization bill are reconciled. In the interest of arms control, the best result would be to combine the Senate's demand for a good-faith negotiation with the one-year House ban on testing if the Russians also desist. That would be far better than a suggested compromise to delay tests and limit their number to one or two next year.

The main problem, of course, is defining a good-faith negotiation. The administration claims not to know how to verify a total ban satisfactorily, but many arms control experts do not so despair. Anti-satellite systems are recognizable. The lesser remaining risk is that some permissible satellites, launchers and lasers could be given anti-satellite missions.

These risks can be minimized by defensive measures: hardened and more maneuverable satellites and a substantial stock of replacements. These would be much cheaper than an arms race yielding no meaningful advantage but eventually requiring even more elaborate defense measures.

Congress can compel negotiation, but not agreement. Its best course is to retest testing to preserve the chances for a total ASA ban until the Reagan administration is persuaded to change course or is retired from office.

—THE NEW YORK TIMES.

When Free Trade Is Bad

Even the most deeply convinced free traders know that there are some goods in which trade needs to be anything but free. The two most important categories are the equipment with military applications that is sold to the Soviet Union and nuclear equipment sold to almost anybody. Controlling these sales is an extraordinary challenge to international cooperation, for much of this gear can be bought in many countries and the restrictions will not work unless all of these countries cooperate.

Over the past week the governments of the leading industrial democracies, in meetings in Europe, have been working to refine and improve these two systems of protective regulation. In both cases, the meetings showed the Reagan administration to have shifted its position for the better. In both cases, the result has been progress toward greater security.

There has been a long quarrel between the United States and the Europeans on sales to the Russians. The Americans generally have wanted to follow the military technicians' view and proscribe almost anything that might be capable of military use. The Europeans, much more inclined to rely on broad trading relationships to reinforce their security, have insisted on a much narrower list. The key category in this dispute has been computers.

On the American side, the Pentagon has evidently pulled back from its demand for an embargo on even small computers easily and widely available throughout the industrial

world. In return, the Europeans have accepted new guidelines that specifically control certain advanced and high-performance computers and, for the first time, software. The agreement is doubly important as evidence of renewed U.S. and European willingness to work together in this shadowy, difficult endeavor.

But it is not quite so shadowy or difficult as the struggle to prevent the proliferation of nuclear weapons. A decade ago, following India's test of a nuclear device, governments possessing advanced nuclear technology began conferring in an informal association that became known as the London Suppliers Club. The idea was to devise export controls that would allow nuclear power development to proceed around the world, but not the construction of nuclear weapons. In its first few years in office, the Reagan administration seemed to have no very strong interest in the subject. But last week, for the first time in seven years, some of the London Club met and agreed to get back to work on tighter restrictions. And the initiative was Washington's.

The Reagan administration has learned two things. It has found that even the United States can make export controls work effectively only when it has the political support of a great many other countries. But it also has seen that nothing happens in the absence of American leadership — and some kinds of exports, uncontrolled, are dangerous.

—THE WASHINGTON POST.

Other Opinion

Yugoslavia Must Help Itself

Yugoslavia's struggle for economic stabilization is necessarily taking place in a balance between state socialism and capitalism. Proximity to the East assures the Communist Party of ongoing influence, albeit attenuated by decentralization, while closeness to the West strengthens the market economy aspects of the Yugoslav system. It is in the interests of both East and West that Yugoslavia should remain stable, and the United States has taken the lead in various financial support programs.

But when the seamy underside of Communism surfaces in the shape of political trials, intimidation and the stifling of public discussions, the urge to underpin the regime economically automatically wanes.

—The New Zürcher Zeitung (Zurich).

Thatcher Under Fire

Margaret Thatcher may be counting on Parliament's vacuous recess to dissipate the winds of revolt blowing from Westminster, but the present social conflicts will not disappear so easily. The prime minister is paying the price for having scorned the workers' movement for the last five years.

Is the Thatcher government in danger? Cer-

tainly not for now, since the prime minister still holds considerable authority, and since protests inside her own party are still too weak to actually threaten her. Nevertheless, the winning image which Mrs. Thatcher based her 1983 electoral victory continues to deteriorate under successive setbacks that are gradually bringing out the other Thatcher: weak, despotic and insensitive to the fate of three million unemployed.

—Jean-Marie Macabrey, *Le Soir* (Brussels).

Mitterrand's Answer to a Crisis

A crisis is a situation in which the old dies while the new is not yet born. François Mitterrand asked for, and obtained, the votes of the French people with the promise to get France out of its crisis. Still immersed in this task, though he is mid-way through his seven-year presidency and less than two years from the next legislative elections, Mr. Mitterrand is attempting to bring to existence the new, incarnated in a young man. The president hopes that [Laurent] Fabius's age, 37, will make credit a possibility that austerity is a necessary component. Mr. Fabius's promotion [to prime minister] symbolizes this idea.

—J.-M. Colombani, *Le Monde* (Paris).

FROM OUR JULY 19 PAGES, 75 AND 50 YEARS AGO

1909: Greek Officers Demand Change

ATHENS — For ten months past the Greek Government has found support in the wisdom and patriotism of the Opposition, but in spite of this it was natural that the military weakness of Greece should provoke discontent, which, though not outwardly expressed, is none the less violent. This discontent was given expression [on July 16] by the army. A large number of young officers met at the house of one of their comrades and resolved to force the Government to carry out such economies in the different branches of the administration as would permit it, without new taxation, to carry out the reorganization of the army. But it is precisely the entry on the scene of the officers and the corporations which shows that the situation is abnormal and disquieting.

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Power Struggle Divides West Germany's Greens

Kelly Fights Rule Requiring Rotation Of Assembly Members After 2 Years

By William Drozdik

Washington Post Service

BONN — West Germany's iconoclastic Greens party, whose anti-nuclear and pro-ecology crusades have enlivened the country's parliamentary scene, is now embroiled in a bitter internal power struggle that threatens its political future.

Fundamentalists in the party are demanding that the Greens' 26 Bundestag members abide by the party's "rotation rule" that calls for them to be replaced next March, halfway through their four-year terms, to encourage grass-roots populism and prevent the growth of personality cults.

But several leading Greens deputies have balked at the idea of giving up their seats so early, contending that it would waste the expertise they have acquired and diminish the party's influence in the 498-member assembly.

Peter Kelly, the U.S.-educated activist who helped create the party, said on Friday that she would challenge the rule and seek to fulfill her parliamentary term before returning to her previous job as a social administrator in the European Community's Executive Committee in Brussels.

"We are just getting to the point where we can say we are figuring out the place, and now we are being pushed out," Ms. Kelly said. "I want to finish the work I began, because it's very important to me."

She said that "everybody in the party agrees that the rotation idea is a bad one, but the people who would succeed us are so eager to take our seats that they can hardly wait for us to leave."

Many of the current members in parliament are afraid to speak out against the rule because they hope to return to their positions after the 1987 elections, Ms. Kelly said. "But by that time," she added, "the people in our seats will see the need for longer terms and will try to stay on in parliament."

Ms. Kelly sought to encourage her fellow deputies to join her criticism of removing people midway through their parliamentary terms. But the reluctance of most of them to defy the principle has led her to question whether she can take the psychological pressure of being alone in pushing for reform until March.

Ms. Kelly's earlier request to prolong her mandate was rejected by the party's Bavarian members, who nominated her to the Bundestag. She said that unless she gained

assurances of staying on, she might resign earlier than expected.

Some Greens have contended that Ms. Kelly has become obsessed with publicity and grandiose political ambitions since taking office. But she scoffed at such criticism and said her willingness to bow out in 1987 showed she did not care about power but only wanted to complete her parliamentary work.

Despite their internecine feuds, the Greens have managed to score well in recent local elections and captured seats for the first time in the European Parliament after winning 8.2 percent of the vote last month.

But Ms. Kelly said she believes that much of this support still reflects a protest vote and that the party must resolve "the big mess over the rotation principle, otherwise the 1987 national elections could kill us."

She has challenged the views of other leading members, such as the radical lawyer, Otto Schily, who want to establish a political alliance with the opposition Social Democrats.

"We need a separate identity," Ms. Kelly said. "The future of the Greens will become more secure when we stress our differences with the Social Democrats."

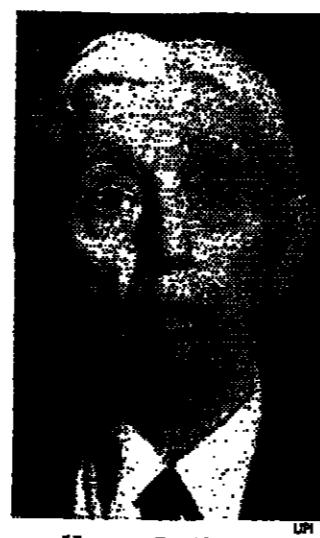
She said the Greens must make clear to West German voters that they favor the complete abolition of nuclear power stations as well as nuclear weapons, while the Social Democrats still seem to waver.

The most notable achievement of the Greens has been to generate large political interest among the major parties to protect the environment. "Our initiatives banning certain pesticides and forcing the desulfurization of some coal power plants have been our greatest successes," she said.

Ms. Kelly finds lamentable the flagging sense of solidarity among the Greens to undertake collective actions to show their nonviolent opposition to nuclear missiles.

"At the Muellangen army base demonstration last September," she said, "only nine of the Greens deputies showed up. When we tried to organize a tax strike to withhold money from defense spending, only three of us participated."

"Our actions only have value if they are done as a group," she said. "But now people are showing too much insecurity about the consequences of these actions, and that's not the way the Greens were supposed to be."



Hyman G. Rickover

Gifts Given To Rickover Investigated

By Patrick E. Tyler

Washington Post Service

WASHINGTON — The Justice Department is investigating gifts given by General Dynamics Corp. to Admiral Hyman G. Rickover, now retired, while he was running the navy's nuclear shipbuilding program.

A congressional subcommittee is investigating the matter, which allegedly involves presents amounting to thousands of dollars.

In a statement Tuesday, General Dynamics said, "there has been no wrongdoing" at Electric Boat, the submarine-building division, and General Dynamics. It said "we are very confident that those investigating this matter will come to the same conclusion."

Admiral Rickover acknowledged this week that he accepted gifts from Electric Boat and other shipbuilders when the companies launched ships. He said he considered it a proper practice.

"I know I got some gifts on the occasions of launches," he said, adding that he did not report the gifts to the navy and did not know their value. He described the gifts as mementos and said they included pieces of jewelry and silver.

Navy officials said Tuesday that regulations in effect at the time prohibited such gifts.

Admiral Rickover has long been one of General Dynamics' strongest critics. In the mid- and late 1970s he repeatedly urged the navy and Congress to investigate allegations of fraud against the Electric Boat Division.

The gift-giving has come to light because a former General Dynamics executive who is under indictment and a fugitive in Greece has provided documents and details to government investigators.

Officials Rebut Ex-Editor's Charges Against Moon

By Richard Harrington

Washington Post Service

WASHINGTON — Officials of The Washington Times have condemned as "utter nonsense" allegations by James R. Whelan, the former editor and publisher, that the Rev. Sun Myung Moon's Unification Church Movement has taken direct control of the newspaper.

At a press conference Tuesday at the National Press Club, Mr. Whelan, who was removed from his job last week, said that the Times "is firmly in the hands of top officials" of the Unification Church.

He said that Bo Hi Pak, a South

Korean who is Mr. Moon's top aide and president of News World Communications, has taken "direct, on-site, executive control of all noneditorial functions of the newspaper on behalf of the newspaper's owners."

Orders were being given, Mr. Whelan said, by unnamed "elders of the church."

Mr. Whelan, saying that "a covenant of independence has been ir-

reparably breached," also held out the possibility that he might sue the newspaper for breach of contract.

In an afternoon press conference also at the National Press Club, Smith Hempstone, who succeeded Mr. Whelan as editor-in-chief of The Washington Times, and Paul Rothenburg, the newspaper's general manager, disputed Mr. Whelan's claims.

They said that Mr. Whelan's dismissal was caused by his attempt to get a contract that they said would have been worth more than \$2 million after five years.

"I have one major message to give to you," said Mr. Hempstone, who has been executive editor at The Times since it began publishing in May 1982. "The Washington Times is not, I repeat, a 'Moonie newspaper.'"

Confirming that the Unification Church has spent \$150 million since The Washington Times started publishing, Mr. Hempstone insisted that "our editorial independence remains intact."

The real issue is not editorial autonomy," Mr. Rothenburg said. "Jim Whelan wanted a new employment contract, and he didn't get it."

The proposed contract submitted to the newspaper by Mr. Whelan included salary escalations from his current \$90,000 to \$185,000 by 1989, a rent-free

\$80,000 house to which Mr. Whelan would be given clear title at the end of five years, a new luxury car every two years or 40,000 miles (64,832 kilometers) and membership in five clubs. The proposed contract also called for almost \$1 million in severance pay, should that need arise.

Mr. Hempstone characterized Mr. Whelan's report of a staff "imploring" him to stay as inaccurate.

"He wanted a vote of confidence," he said. "He didn't get it. He never got it. Why? Jim Whelan was causing more problems than he was solving."

Among the problems, according to Mr. Rothenburg, was that Mr. Whelan refused to allow the owners of The Washington Times access to "normal business information" at the newspaper.

Sources said that other problems, besides the general failure of readers and advertisers to support the newspaper, included allegations of absentee editorship, poor

business management and abrasive management style.

Mr. Hempstone reported that the paid circulation of The Washington Times, as of Tuesday morning, was 95,500. He said the Audit Bureau of Circulation would check that figure in September.

There was also said to be conflict between Mr. Hempstone, a traditional conservative and lifelong Washington resident, and Mr. Whelan, often described as a rightist ideologue who came to Washington only recently after being editor of a California newspaper, The Sacramento Union.

Mr. Whelan had earlier described his dismissal as the sign of "a major upheaval" at The Times, but Mr. Hempstone said that no Times employee has resigned because of Mr. Whelan's departure.

"After two and a half years at the paper, not one of the 16 senior managers, not one of the news and editorial side asked that he remain," Mr. Hempstone said. "And there was a bit of lobbying on that score, I can assure you."

Incoming New Zealand Government Devalues Currency, Freezes Prices

By Richard Harrington

WELLINGTON, New Zealand — The incoming Labor government devalued the New Zealand dollar by 20 percent Wednesday in a package of measures to bolster the economy.

Prime Minister-elect David Lange, who swept into power in general elections on Saturday, also imposed a three-month freeze on prices and lifted controls on interest rates. The move was expected to encourage higher rates and keep money in the country.

At a press conference, Mr. Lange said wage restraint would be necessary for "some considerable time."

Mr. Lange, whose administration does not step down until late

next week, at first refused to consider devaluation. But he backed down after pressure from cabinet colleagues. National Party sources said.

Mr. Lange said Sir Robert had been advised by finance officials a month ago that a devaluation of at least 15 percent was necessary.

He accused the outgoing prime minister, who was also finance minister, of forcing a constitutional and financial crisis after the elections in which Labor won an overall majority of 17 seats in the 95-member Parliament.

"There has been an appalling failure of management," Mr. Lange said. "It has been reckless and irresponsible and has been politically calculated."

Mr. Lange said the Reserve Bank of New Zealand, the central bank, had sold as much foreign exchange over the past month as it normally did in a whole year and the average daily loss was close to 120 million New Zealand dollars.

One magazine, Perth Good Times, said of one Perth's main streets: "All day long secretaries, shop assistants and lady shoppers, bent enough to make your heads hurt, parade up and down the mall."

"Most of them are on business, but when the Americans are in town, lots of schoolgirls and other girls hang around in anticipation," it said.

Foreign Minister Bill Hayden said he had raised the issue with Secretary of State George P. Shultz when they met in New Zealand this week for defense talks.

Magazines circulating on board U.S. Navy ships during visits to Australian ports describe the availability of local girls, particularly in Perth on the west coast.

"I've raised it with the Amer-

U.S. Advisers Unwittingly Train Salvadoran Rebels With Troops

By Richard Harrington

SAN SALVADOR — U.S. military advisers brought in to train the Salvadoran Army have unwittingly instructed rebels who are fighting to bring down the Washington-backed government, U.S. officials and rebel sources said Wednesday.

The officials, who asked not to be identified, said U.S. Army trainers in Honduras and El Salvador had at various times taught rebels basic and advanced counterinsurgency tactics while the rebels posed as loyal government soldiers.

U.S. Embassy spokesman said the trainers are not expected to screen the Salvadoran recruits.

One embassy spokesman, Greg Lagana, said: "Our role is training. The selection process, recruiting and discipline of the troops is up to the Salvadorans. If it looked obvious to a trainer that a rebel were among the soldiers, then he might bring it to the attention of a Salvadoran officer."

Guerrillas recently interviewed in the field have said that many rebel fighters received U.S. training after they were pressed into the Salvadoran Army.

One 24-year-old guerrilla named Leonel said he deserted the Salvadoran Army to join the rebels three months ago, after he was trained by U.S. advisers in eastern El Salvador. Now a rebel squad leader, he said he learned to handle an M-60 machine gun and was taught reconnaissance tactics.

Mr. Lagana did not state a reason for wanting to remain in the United States, an FBI spokesman said. The athlete was turned over to the Immigration and Naturalization Service, which will decide whether he will be permitted to remain in the country.

Car Kills Swazi Guardsmen

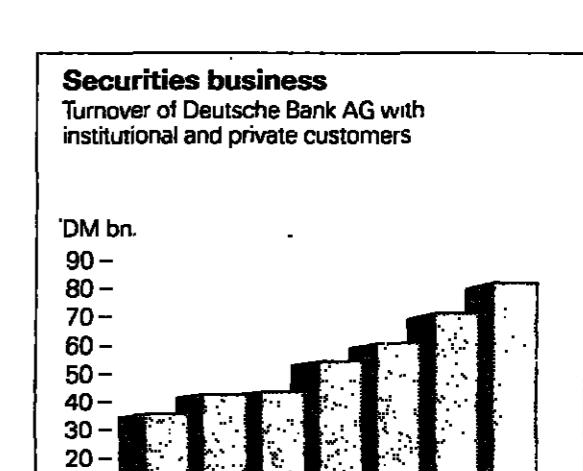
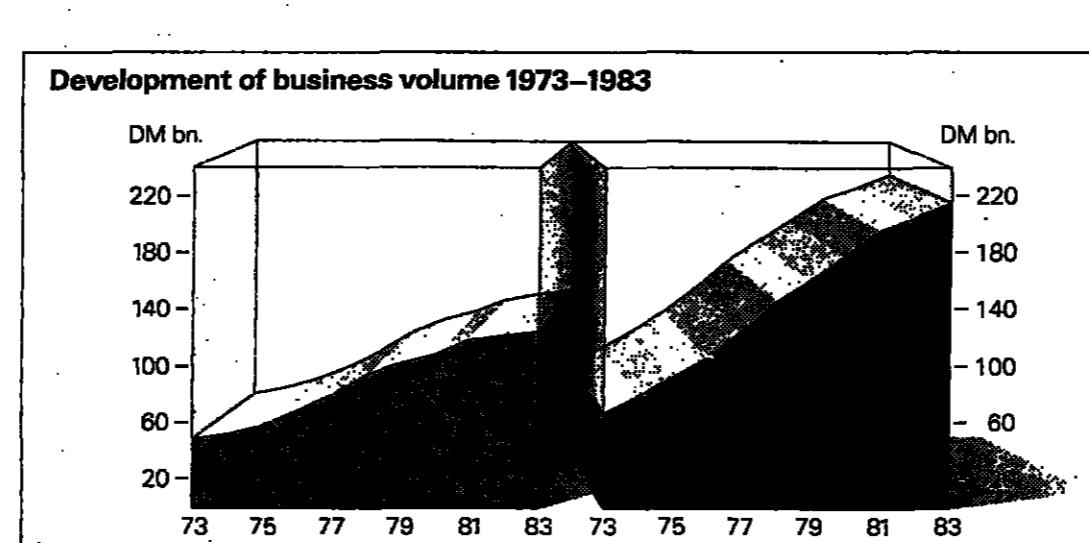
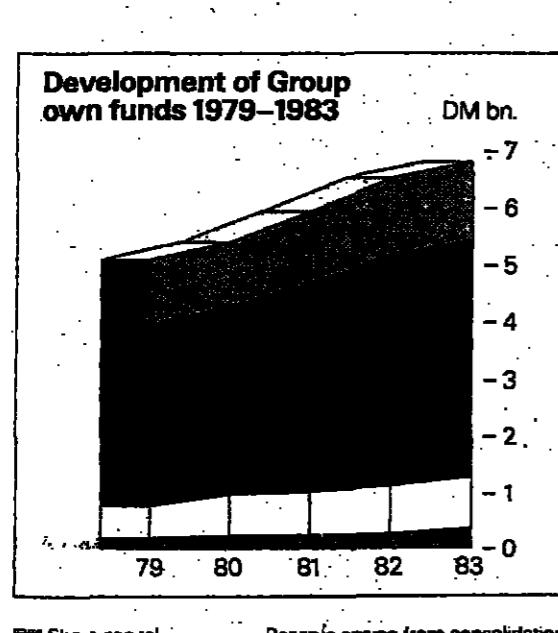
United Press International

UNIONDALE, New York — A gold medal-winning member of the Polish track team at the International Games for the Disabled has asked to defect to the United States.

Edward Sliwinski, 21, an amputee who won the gold medal in the 100-meter dash, asked the U.S. authorities for political asylum June 30, the day after the games ended on Long Island, the Federal Bureau of Investigation said Tuesday.

Mr. Sliwinski did not state a reason

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SCIENCE

American Industrial Research, Once Wilting, Now Blooms

By Philip M. Boffey

New York Times Service

WASHINGTON — American industrial research, once thought to be wilting in the face of economic recession and Japan's technological challenge, appears to be surging with unexpected vitality.

For several years U.S. companies have been raising their research expenditures far faster than the rate of inflation, hiring the best college graduates in science and engineering, setting up new consortiums to perform fundamental research of value to all companies in an industry and forging new links with leading universities and academic scientists.

In a shift of historic roles, industry is now spending more money on research and development than is the U.S. government. Industrial scientists are also achieving greater prestige in the making of federal science policy.

"I think it's positive, terrific, unique, the envy of the world," said Frank Press, president of the National Academy of Sciences, the top honorary society for scientists working in basic research. "It's the American giant awakening from a slumber, you might say."

While this quickening pace is winning applause from most of those concerned with the vitality of the American economy, it is causing concern among some who fear that industrial priorities may gradually distort the nation's entire research enterprise, sucking talent and financing from such areas as health, nutrition and the environment, and from basic scientific studies that seek to increase human understanding but have little commercial value.

Some analysts also fear that the growing collaboration between the

universities and industry, although initially beneficial to both, may eventually destroy the very values of unfettered scientific inquiry that make academic research unique.

"The Reagan administration talks loudly about the importance of basic research in improving productivity and the economy," said William D. Carey, executive officer of the American Association for the Advancement of Science. "I worry about this because the rhetoric tends to pull the resources after it. But if this were to go on for six or eight more years, the mix and spread and versatility of basic research would narrow very dangerously. You could get an overemphasis on areas of basic research that are likely to produce near-term economic benefits."

In the late 1950s and early 1960s the federal government spent twice as much money on research and development as industry did from its own funds. The gap gradually closed during the 1970s, and in 1980 for the first time industry spent more than government.

Business Week's annual tally of research and development spending by 800 companies, published in the July 9 issue, showed total outlays for the companies reached \$39.2 billion in 1983, a gain of 9.8 percent from the previous year. The outlook is for even faster growth this year.

Surprisingly, although many company officials surveyed by the National Science Foundation said that the 1981-82 recession had forced them to slow the rate of increase, few companies actually cut their research budgets.

"What's more important to me is not just the magnitude of the investment but the fact that it's been more innovative," said George A.

Keyworth 2d, President Ronald Reagan's science adviser.

The chief reason for boosting research and development spending, according to most, is a desire to beat back foreign competitors, particularly the Japanese, but also the Western Europeans. "The fact that the Japanese scared us and still are scaring us is very healthy," said Hugh H. Miller, executive officer of the National Academy of Engineering, the nation's top honorary society for technologists and engineers.

Other factors that have boosted research efforts include:

- The business climate of the Reagan administration, with its tax incentives.

- The rapidly shortening time lag between scientific discoveries and their commercial applications.

- A growing realization in the traditional manufacturing industries that they, like the high-technology companies, also need strong research and development programs in order to modernize.

For example, General Motors, which according to the Business Week survey spends more on research and development than any other company, has embarked on an ambitious program to turn itself into a world leader in automated production.

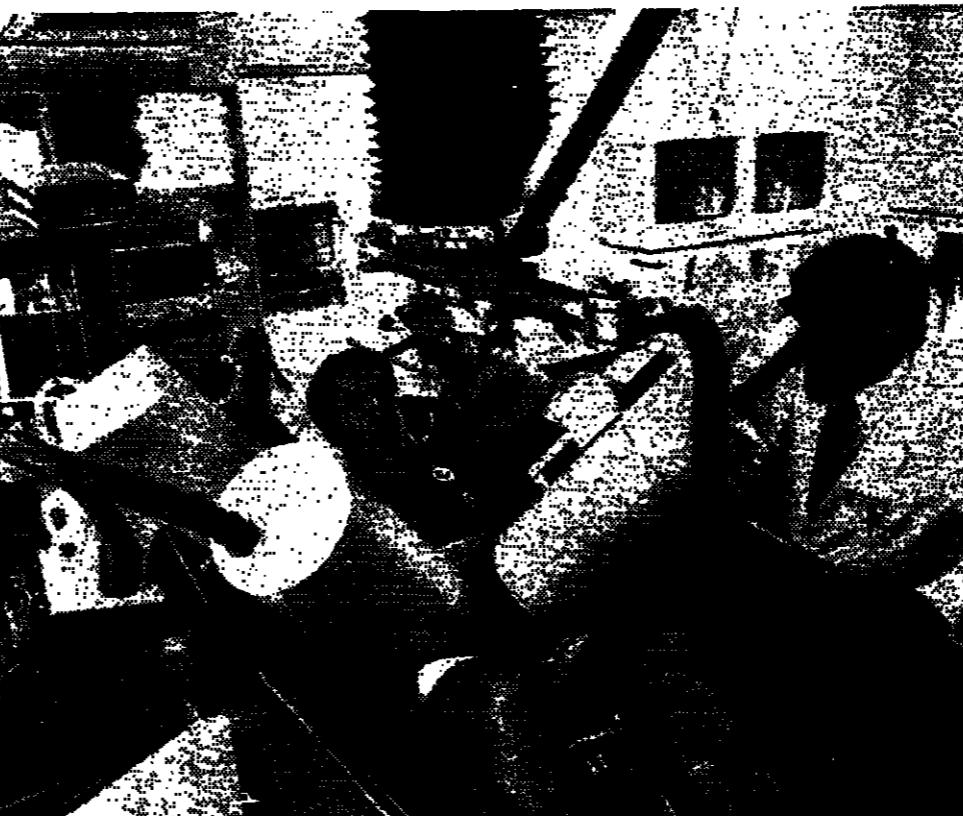
Employment of scientists and engineers in industry rose at an annual rate of 6 percent from 1972 to 1982, in contrast to 4 percent in educational institutions and 1 percent in the federal government, according to a statistical report issued last month by the National Science Foundation. More than half of all scientists, and more than three-fourths of all engineers were employed in business and industry in 1982, according to the report.

While the overall spending totals are going up, some segments of industry — aerospace, farm and construction machinery and oil service companies — are reducing their research and development spending because of pessimism about their short-term business prospects, according to the Business Week survey.

With a foreign debt of more than \$100 billion, Brazil has been able to cut spending on imported oil from \$10 billion in 1981 to \$4.8 billion this year.

"Alcohol cars are Brazil's response to the challenge of the OPEC oil-price shocks of the 1970s," said André Beer, president of the National Vehicle Makers Association. "The program has been a total success. Almost 90 percent of the passenger cars and light vans sold in Brazil today run on 100 percent Brazilian alcohol."

Last year Brazil's automakers — all subsidiaries of foreign companies such as Volkswagen, General Motors, Ford and Fiat — turned out 583,000 of the non-



KIDNEY STONES PULVERIZED — This West German device, currently being tested at New York Hospital-Cornell Medical Center, blasts kidney stones into harmless grains of sand through the use of shock waves. Doctors think it will eliminate kidney stone surgery. The patient feels only a slight twinge, like a snap on the back with a rubber band.

Alcohol Replacing Gasoline in Brazil

By Bruce Handler

The Associated Press

SÃO CAETANO DO SUL, Brazil — In what appears to be the world's most ambitious fuel-substitution program, Brazil is now powering 1.5 million motor vehicles on alcohol made from abundant sugar cane.

This growing trend and the discovery of large offshore oil deposits may lead to an energy breakthrough that could free Brazil from costly dependence on foreign oil, according to officials and experts.

Domestic oil production for the first time in Brazilian history has outstripped imports. The government is predicting petroleum and fuel self-sufficiency by 1993.

"The recent notable improvement in the energy picture is an important step toward Brazil's ultimate success as a country," said Terry V. McIntyre, the minerals and energy attaché at the U.S. Consulate in Rio de Janeiro.

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gasoline vehicles. The Vehicle Makers Association says that by the end of this year there will be 2 million alcohol cars on Brazilian roads, about one-fifth of the national total.

Alcohol production rose from 1.58 million gallons in 1975 to more than 2 billion gallons this year, enough to replace 140,000 barrels of oil a day. The government's goal is to increase the alcohol output to 3.7 billion gallons by 1988, replacing 220,000 barrels of oil a day.

Brazil's alcohol works not only into the new pure-alcohol vehicles but also is mixed, at a 22 percent rate, with gasoline — to become gasohol for use in standard engines.

Five years ago Brazil was producing 170,000 barrels of oil a day and was importing nearly 1 million. Today production at home has topped 500,000 barrels daily and imports are down to around 465,000.

Thanks to recent important oil finds off the southeastern coast near Rio, Brazil has become Latin America's third largest producer, after Mexico and Venezuela. It has overtaken some members of the Organization of Petroleum Exporting Countries, such as Ecuador, Qatar and Dubai.

The industry and commerce minister, João Camilo Penna, said, "We kept investing in prospecting: the current rate is 2 billion dollars a year. We sent our oil engineers overseas to learn the latest technology. We perfected our geological surveying methods. And we found oil."

The government has coordinated overall energy strategy by juggling subsidies and dictating prices. Thus, gasoline in Brazil is expensive, about \$2 a gallon, while alcohol is a bargain at around \$1.25.

IN BRIEF

Crocodile Diet Is Dainty, Study Says

NEW DELHI (AP) — An Indian researcher has come to the defense of the crocodile. They do not gorge on livestock and human beings, and in fact they are dainty eaters who prefer mollusks and insects even to fish fingerlings, according to a new study at the crocodile center of Nehru Zoological Park in Hyderabad.

And contrary to popular belief, crocodile mothers do not eat their offspring, but are attentive, loving parents, says B.C. Choudury, the center's project officer who has been studying crocodiles for the last 10 years.

Because of their small appetites, he said there is no reason not to release them in reservoirs with fish stocks.

Ancient Computer Is Found in China

BEIJING (Reuters) — Peasants in Nei Mongol (Inner Mongolia) have discovered a 3,000-year-old Chinese computer — thought at first to be just a bunch of old chopsticks but probably the oldest calculating instrument in the world.

The Beijing Review said Monday that the stick method of calculation was based on the decimal system, like the abacus which replaced it about 500 years ago.

The system allowed ancient Chinese mathematicians to tackle algebra and the calculation of the root of a number as well as normal addition, subtraction, division and multiplication, the review said.

Can Poetry Start in the Womb?

WASHINGTON (Reuters) — A human fetus grows accustomed to mother's voice and can even acquire a preference for poetry, according to a scientific study.

Anthony DeCasper, a psychologist at the University of North Carolina, said he conducted the experiment by having 16 women read the children's storybook "The Cat in the Hat" twice a day for the last six weeks of pregnancy.

Then he tested their postnatal preferences by rigging up a feeding arrangement which caused day-old babies to suck when they recognized sounds. The babies all sucked contentedly when they heard "The Cat in the Hat."

Scientist Finds Some Good in El Niño

NEW YORK (NYT) — Few of nature's events have been burdened with a worse press than last year's El Niño, the periodic shift in ocean currents off the coast of Peru. Now a West German biologist, Wolf E. Amtz, has found some positive impact, described in the summer issue of Oceanus:

- An outburst of vegetation occurred in normally barren areas of Peru's coastal desert, bringing a carpeting of flowers. Apparently the seeds and bulbs had been dormant for decades.

- While traditional fish populations such as anchovy and sardine were driven away by the rise in ocean temperature, several tasty species thrived. These included dorado, skipjack, Spanish mackerel, yellowfin tuna and boopis.

- Scallops soared in number and became a popular, inexpensive food in Lima.

Researchers to Join Forces on AIDS

MONTE CARLO (UPI) — The Frenchman and the American who discovered the virus believed to cause acquired immune deficiency syndrome, or AIDS, Monday pledged further cooperation and criticized the press for playing up their competition.

Dr. Robert Gallo of the Maryland-based National Cancer Institute and Professor Luc Montagnier of Pasteur Institute in Paris said their research into a medical conference here helped them put their common research into perspective.

Mr. Montagnier told the conference that the discovery of the AIDS agent "will allow us to slow down its spread, but not yet cure people of AIDS." Without the discovery, he said, an AIDS epidemic "could have taken on enormous proportions, spreading beyond the homosexual risk group to women and children because the virus is spread by sperm."

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OCTOBER 18

OIL & MONEY: STRATEGIES FOR THE EIGHTIES.

THE FIFTH ANNUAL INTERNATIONAL HERALD TRIBUNE/OIL DAILY CONFERENCE
LONDON, OCTOBER 18-19, 1984

Conditions in the world oil market have never been more complex. Unstable political situations, uncertain price trends and megamergers have all led to radical shifts in the oil market.

In view of the current situation, this year's International Herald Tribune/Oil Daily conference on the theme "Oil and Money: Strategies for the Eighties", has never been more timely.

OCTOBER 18

LEARNING TO LIVE WITH MARKET FORCES: THE FORMULATION OF SAUDI PRICING POLICY FOR REFINED PRODUCTS AND LPG.

Abdulaziz H. Taheer, Governor, Petronas

OIL AND GAS OUTLOOK THROUGH TO THE YEAR 2000: CHANGING PERSPECTIVES.

Moderator: Herman T. Franssen, Chief Economist, International Energy Agency

Thomas Burns, Assistant General Manager, Economics Department, Standard Oil of California

Michael Clegg, Manager, Gas, British Petroleum Co. plc

Ian Seymour, Executive Editor, Middle East Economic Survey

OPENING ADDRESS - AFTERNOON SESSION

Armand Hammer, Chairman and Chief Executive Officer, Occidental Petroleum Corporation

MAJOR OIL COMPANIES' STRATEGIES

Paul B. Hicks, President, Texaco, Europe

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ARAMCO AND THE FUTURE

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UNITED STATES ENERGY POLICY

Donald Hodel, United States Secretary of Energy

THE FUTURES AND SPOT MARKETS: A NEW RANGE OF OPTIONS?

Moderator: Nicholas G. Vouli, Oil Consultant, London and The Hague

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BRIEF

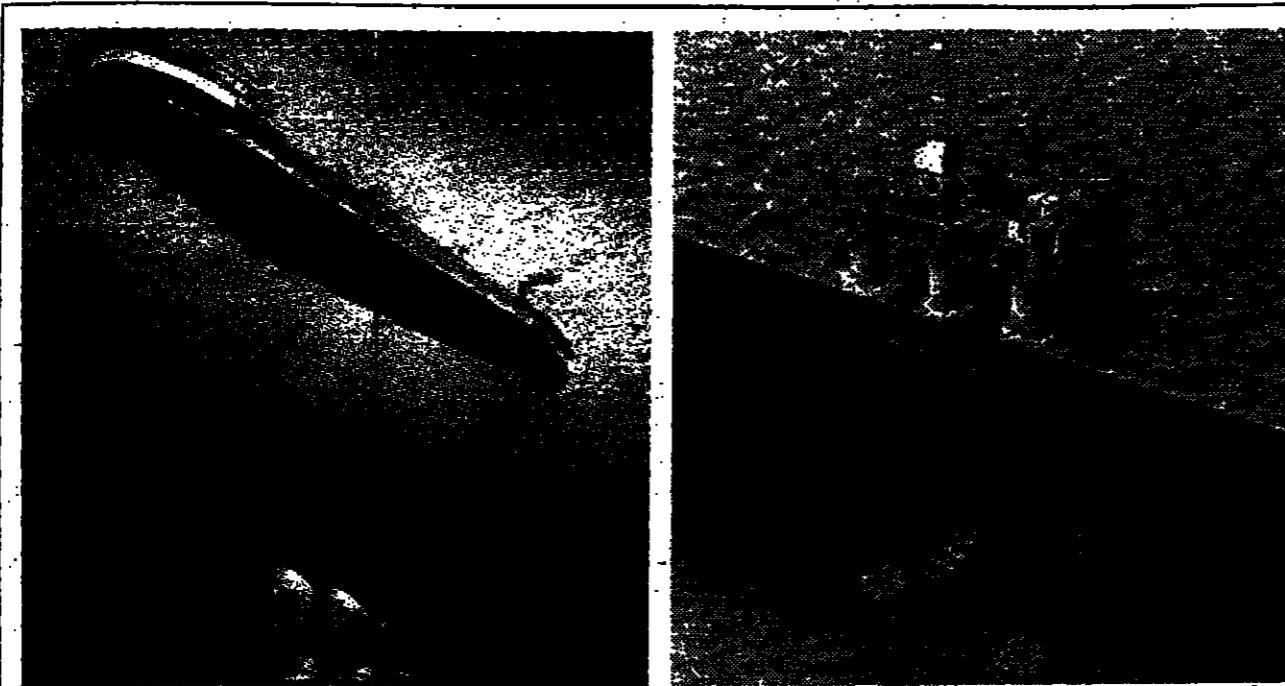
s Dainty, Study Says
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A new study has found that women in China prefer more modest and more conservative styles of clothing.



Artist's impressions: BP's SWOPS system, left, and the Hutton tension leg platform.

A New Phase in the North Sea

By Dick Mutch

ABERDEEN — A decade after British Petroleum installed its first two drilling platforms in the giant Forties oil field, a phase of development is under way in the North Sea.

These first structures — two more were put in place the following year — were pioneering technology, the biggest steel jackets then built for the offshore industry's move into deeper waters. The Forties field, 110 miles (180 kilometers) east-northeast of Aberdeen, established a string of impressive firsts and became the showroom of the British North Sea.

Ten years and more than 13 billion barrels of oil later, BP and its partners are to invest \$450 million to tap the southeast corner of the field. The project provides interesting examples of some of the recent options before the industry when it comes to exploiting such prospects as remote corners, satellite finds, marginal fields and, eventually, the really deep waters.

BP wanted to develop the southeast Forties using seabed wells linked to the Forties Alpha platform. As well as being an efficient method, it would have given them experience

of the technology. But the Department of Energy persuaded BP that the best method was a conventional fixed platform that the department maintained would recover more oil.

The new satellite platform will have minimum facilities and it will be unmanned except for maintenance work — the first unmanned oil production platform in British waters.

Whether it proves the start of a trend remains to be seen; a number of factors, not least security, suggest that such an approach can be used only near manned platforms.

What is perhaps more likely in the near future is the increasing use of high technology to help reduce offshore manning levels in general.

The Department of Energy's stand on the southeast Forties was probably without precedent in the British North Sea. The key to its case was that a fixed platform would mean being able to employ downhole pumps in the well itself, to bring more oil to the surface. BP, as it happens, has been experimenting with various designs of downhole pumps a few years before it actually expects to need them in the field.

BP, along with British and the Department of Energy, backed the Glasgow-based Weir Pumps in developing a downhole pump, which in June won an award for innovation in a competition by the U.S. publication Petroleum Engineering International Journal.

The pump, driven at high speeds by a hydraulic turbine, is about one-tenth the weight and length of a conventional electric pump. Weir claims greatly improved reliability that it says will save operators millions of dollars a year. Drillers in the North Sea, North Africa and Peru have placed orders for the pumps, and one has been ordered for a California geothermal project.

The most obvious advance in offshore technology this year has been the tension leg platform, or TLP, for the Conoco consortium's Hutton field. The two halves, deck and hull, both built at Scottish yards, were put together this spring in Moray Firth three miles from the coast, from where the operation and completed platform have been clearly visible.

The TLP floats, connected to the seabed by tubular legs. The natural buoyancy of the

(Continued on Next Page)

A SPECIAL REPORT

THURSDAY, JULY 19, 1984

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SCOTLAND

Long Strike by Coal Miners Threatening Fragile Recovery

By Andrew Marr

EDINBURGH — As talks aimed at ending the British dock strike peter into pessimistic stalemate, with angry dockers lining up alongside striking miners, targets for Scottish economic growth this year are being revised downward.

If the dock strike does not finish within a week, Scottish companies relying on frequent regular imports — mainly fertilizer manufacturers, paper-makers, offshore-equipment suppliers and flour millers — will be laying off employees. That will shortly be followed by problems in the whisky trade as exports pile up in the warehouses.

Farmers in the north of England have warned of feed shortages and starvation diets for their animals if the strike lasts into August, and Scottish pig and dairy farmers would also be suffering by then.

Meanwhile, the miners, on strike for 19 weeks, have not been drifting back to work as the government hoped. Their leaders are still speaking to the increasingly weary-looking National Coal Board chairman, Sir Ian MacGregor, but only just.

The short- to medium-term effect of all this will be dramatic. The London brokerage James Capel estimates a British fall in gross domestic product from 2.6 percent to 0.6 percent if the miners' strike lasts until the year's end. That would lose the balance of payments about £1 billion at 1980 prices.

The effect in Scotland would be equally bad. But it is the structural impact on the Scottish economy that could cause the worst long-term problem. Pessimists are now talking about a revival of the so-called "black hole" threat.

The miners' main Scottish target has not been power stations — the country can supply nearly all its energy needs without coal — but the giant Ravenscraig steelworks, from the optimistic 1960s.

The steel workers, despite their public alliance with the miners against "government by cuts," fear that if the strikers shut down Ravenscraig completely, the resulting damage to the furnaces will give British Steel Corp. the political leverage it needs to close Ravenscraig — an option BSC is thought to favor.

The miners want to close "the Craig," as it is known, to exert pressure on an uncompromising National Coal Board. But if they succeeded, it could set off a lethal domino effect, highlighting what a recent commentary called "the interconnectedness and vulnerability of the Scottish economy."

But with OECD growth of more than 4 percent, the outlook for Scottish exports has to be better, particularly given the weakness of the pound, signs of restocking taking place and the phasing out of capital allowances, encouraging the bringing-forward of capital investment into 1985 and leading, one would assume, to greater competitiveness.

The next phase of recovery, in short, looks to be led by capital goods and investment expansion, not by consumer spending, and that benefits Scotland. Results from Scottish engineers and construction groups remain mixed, but recent business surveys show a return of confidence, with a 10-percent balance of respondents in April's Confederation of British Industry Industrial Trends Survey for Scotland expecting an increase in orders over the following four months.

Such blue-chip leaders as Ferranti (profits up 20 percent) and traditional groups such as Dundee's Low & Bonar have proved that there are areas of engineering that pay handsomely. But bad figures from the Weir Group and an appalling profits crash from the mining equipment manufacturer (and recent Charter Consolidated acquisition) Anderson Strathclyde show that mechanical engineering is still in a pretty dreadful state.

The net income of Scottish farmers, according to official estimates, fell from £140 million in 1982 to just over £100 million a year later. As public opinion throughout the European Community turns against the Common Agricultural Policy, a further fall can be expected, as well as a drop in EC support this year.

Foreign investment in high-technology companies continues, with major announcements recently from International Business Machines, Integrated Power Semicon-

with layoffs common and spare capacity almost universal.

The oil world continues to produce good news, with the first round of North Sea licenses about to generate a new boom in offshore construction orders. RGC Offshore in Fife has landed a \$40-million jacket order from the French company Total, and confidence about the commercial future of the UIE yard at Clydebank looks secure as the French engineering firm Bouygues has taken over the highly respected operation following the collapse of its parent, the Paris-based Amarp.

The latest Scotland Oil Index showed a fall in North Sea output in May to 2.52 million barrels a day — the lowest average since October — but the daily value has shot up with the pound's weakness against the dollar, and oil now earns Britain £2 million an hour.

In the financial sector, tax changes have caused headaches for life insurance companies and have hit banking profits, but investment companies are booming and the leading Scottish stockbrokerage, Wood Mackenzie, has joined the financial supermarket era with its recent announcement of amalgamation with Hill Samuel, one of the City of London's major merchant banks.

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Foreign investment in high-technology companies continues, with major announcements recently from International Business Machines, Integrated Power Semicon-

(Continued on Next Page)

Cashmere Producers Add Fashion, Color to Classic Snob Appeal

By Katherine Knott

HAWICK — Scottish knitwear, particularly cashmere, is generally seen as the most classic knitwear in the world, renowned for its quality, its durability, its snob appeal and its not inconsiderable price. Quality and durability are still outstanding qualities of Scottish knitwear, but production is now highly automated and the companies have discovered that snob appeal is not enough. Fashion is sweeping through the hilly Borders region where the industry is concentrated.

All moderation, of course. No feathers, plastic beads or rhinestones. Fashion is coming in the form of bold, colorful patterns, oversize sweater vests with pleated skirts, long dresses elegant enough to be evening wear. And above all an increasing variety of colors.

At a time when the general textile industry in most Western countries is in desperate shape, largely because of low-cost competition from developing countries, the more genteel world of Scottish luxury knitwear is feeling the pressure, too: from the Far East; from European makers of more sturdy, more disposable garments; and from makers of middle-price garments who, feeling pressure from developing countries, are trying to trade up to luxury goods.

The big knitwear companies are responding with marketing and automation. The marketing is a simple enough concept: Famous brands, an emphasis on quality and close work, careful selection of

high-class stores around the world for distribution — holding on to the very top of the market.

Automation is in many ways the other side of the coin — making the top of the market a little more economic. It allows greater production speed and efficiency, and above all it allows a great deal of flexibility in design, patterns and colors. Knitting machines, some of them run by computer programs, create what the industry calls fully-fashioned garments — that is, knitted to shape and then assembled; the contrast is with "cut and sew" garments in which a knitted panel is cut to shape and assembled. In some cases, design is being done on computer screens.

Fine Scottish knitwear cannot compete on prices with cashmere made in the Far East. Nor do the manufacturers try to do so. "We're always mindful of the need to be competitive," said Frank G. Leith, managing director of Lyle & Scott's knitwear division. But he added, "we have to achieve that without sacrificing the standards of quality." He said Lyle & Scott, and the Scottish knitwear industry in general, had to concentrate on design, quality and durability because, regardless of production efficiency, in most categories of knitwear the price gap between Far Eastern producers and the Scots is so large as to be unbridgeable.

"Nobody has to buy a Lyle & Scott sweater to stay alive," Mr. Leith said.

"Scottish knitwear has got a spe-



A selective map of Scotland.

cial cachet," said Ronald A.B. Miller, chairman and chief executive of Dawson International. "We're working hard to maximize this potential." Dawson is competing on several fronts. It owns many of the biggest names in British luxury knitwear (Pringle, Braemar and Bellantyne, among others). It recently bought companies in West Germany and the United States. It also owns a factory in Hong Kong, which supplies the United States with shetland and lambswool products at a lower cost than if they were made in Scotland. The yarn is spun in Scotland, however.

Jaeger, whose knitwear division

(Continued on Next Page)

Labor Party Claims a Special Role for Scotland

By James Naughtie

LONDON — Who runs Scotland? Curiously, the question is still often asked. The obvious fact that the Thatcher government's writ runs north of the border, and that its economic and social policies dictate life in Scotland, does not solve the problem: The Labor Party, with 41 out of 72 parliamentary seats, claims a special role as the voice of the Scots.

This poses a problem in the party's ranks. It is acceptable — to those who reject any notion of taking Scotland toward independence — to refer to that special voice, but the trouble comes when there is talk of a "Scottish mandate" that is held to overrule Margaret Thatcher's huge majority in the British Parliament.

That tension is at the heart of Labor's problem. The party argues

that Scots did not vote for the Conservatives in last year's general election (more than 70 percent of the voters opted for Labor, the Social Democratic/Liberal alliance or the Scottish nationalists), but the leadership cannot argue for separate mandate without flouting dangerously with the idea of independence of a United Kingdom. It was a brave assertion of semi-independence in the cabinet — particularly since Mrs. Thatcher was at that moment on her way north to address the conference — and it was Mrs. Thatcher's most forthright public claim to be something other than a sort of provincial governor for Mrs. Thatcher's Scotland.

It was necessary because the test for a government with a minority of the seats in Scotland is always its degree of commitment to industrial development, the attack on unemployment and the whole range of

education, law and order and social matters for which administrative responsibility has long been devolved to Edinburgh. The Conservatives, unlike the Labor Party, must always be aware that their credentials as a "Scottish government" are being questioned. Mr. Younger has succeeded in establishing a distinctive identity, and that is why he has been a success (and) may well be rewarded when Mrs. Thatcher reshuffles her cabinet, probably in the autumn).

His fight to stave off closure of

the giant steelworks at Ravenscraig, the nerve-racking business of organizing a private rescue for the Scott-Lithgow shipyard and various battles to win foreign investment contracts for Scotland have been the stuff of his success.

He has argued that he is a fighter. His opponents have argued that he

(Continued on Page 10)

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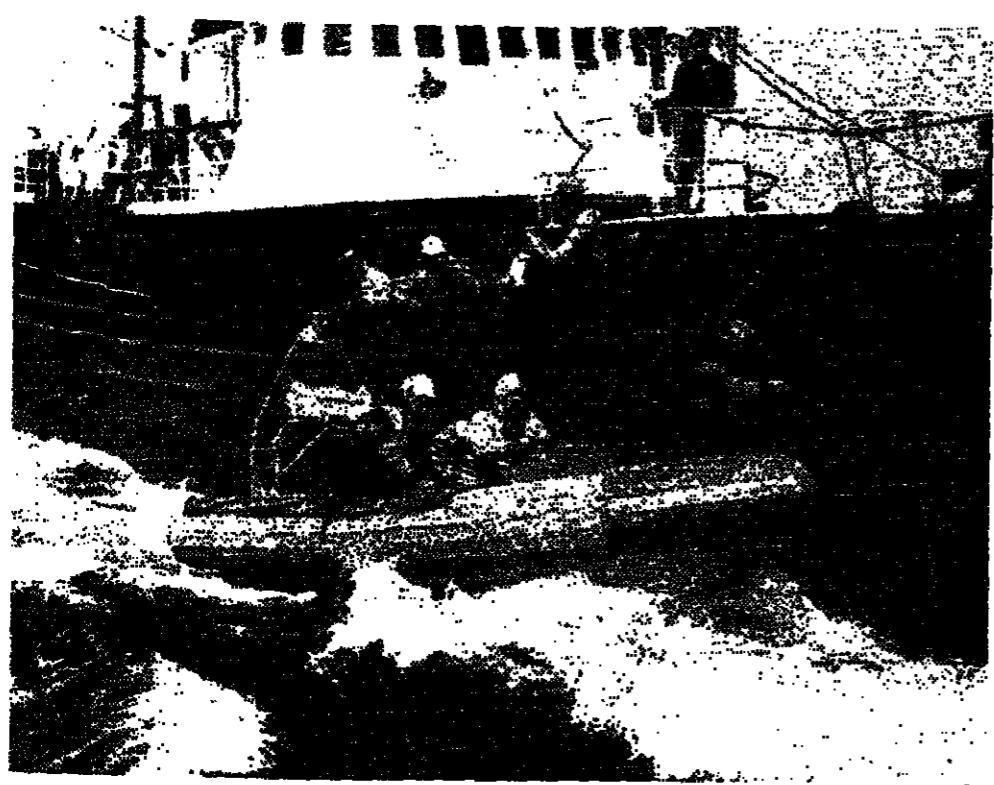
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Cashmere Industry Brings In Fashion

(Continued From Previous Page)

Brown, merchandising director for Lyle & Scott Knitwear Division, said about 75 percent of cashmere goods sold in the United States 15 years ago came from Scotland; now 90 percent or more comes from the Far East. The quality of such garments is undeniably lower than that of the Scottish products, but Mr. Brown said he thought this was not as important a consideration in the United States as in Europe. American consumers seek less durability from this kind of sweater and are generally less sensitive to quality differences, he said.

Italy, itself an exporter of fashion knitwear, is also an important market for Scottish knitwear. Mr. Miller said Italy was Dawson's single largest export market for finished products. What the Italian produce — up-to-the-minute fashionable colors, trendy design — and how they market it has affected the strategy of the Scottish companies, notably in design and color. But the Scottish response again has been to try to adapt some of these lessons while remaining in the top part of the market (this is a euphemism for very expensive). The Scottish companies' prices are not compatible with selling a product that will only be fashionable for one season. Mr. Leith said cashmere yarn can cost up to £95 a kilogram while the typical wool used in Italian sweaters costs about £7 a kilo.

"Fashion sometimes goes against our kind of knitwear," Mr. Leith said. While his company is pushing for more color, more design, it is going only so far. As he explained, the company seeks fashionable, modern design but would stop short of weaving feathers or other most un-Hawick materials into its classic sweaters.

"The taste levels do not compete," said Jaeger's Mr. Randle, referring to design from Italy and other countries. "We do our thing. They do theirs."

Geared to exports — to the Unit-

ed States, other parts of Europe, Japan, the Middle East — the Scottish knitwear industry has to aim different products at different areas of the world. "There is no such thing as a collection of knitwear that is suitable for the world," Mr. Leith said. His company sells certain basics worldwide, then aims other collections at specific areas.

"American requirements are quite different from what happens in Italy," he said. However, "They both believe that they're buying typically Scottish clothes." He added: "What they're buying is their idea of what is typically Scottish."

Despite their place in the general textile industry, and despite the age of the industry, the big Scottish knitwear companies are not truly an "old-technology" industry. With increasingly modern knitting machines and typically with low modern buildings in the country, the industry seems a hybrid between artisanship and microchip. Workers in the Hawick area often come from families that have long worked in the business. The process of making some yarns, notably cashmere, is long, costly and complicated. Yet the buildings in many ways remind one of clumps of "silicon suburb" companies. And Dawson has a booth at Walt Disney's Epcot center in Florida.

Cashmere is probably the best example of what the Scots do best. It is a difficult fiber to work with, as the knitting of luxury clothes requires the finest thread. Most cashmere fiber is combed from the belly of a goat raised in mountainous parts of China and Mongolia. When it arrives in Britain it is scoured, and coarse hairs are separated from the fine hair that will be used for yarn. The fibers are dyed and spun.

The spinning is crucial to the quality of the knitted product. Mr. Brown at Lyle & Scott said few of Scotland's hundreds of spinners produce quality high enough to make fine dresses and skirts.

Cashmere is a rather mysterious

commodity — something like gems or again like the minute secrets of the clean rooms in silicon chip companies. No one knows exactly how much cashmere hair the Chinese sell and how much they consume domestically. The Scottish companies prefer not to discuss how much cashmere, yarn or how many garments they produce. And parts of the yarn processing are carefully shielded from outside eyes.

It takes more than a year from the time the goat's hair is combed to when a sweater is made. (For trivia lovers, a cashmere coat requires hair from 24 goats, a man's pullover that from 5 goats, Dawson says.)

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Cashmere is a rather mysterious

Cleaning and drying cashmere at Dawson.



Tom Hilton

A New Phase Beginning in the North Sea

(Continued From Previous Page)

platform keeps the legs under tension and the TLP in position. Although the TLP will be in only 485 feet (150 meters) of water when installed in the Hutton field in August, it represents an important step toward developing small, marginal fields in several thousand feet of water.

The TLP is an excellent example of the fact that the North Sea is still a testing ground for new technologies. The platform's performance in Hutton, where it should be on stream in the autumn, will be closely monitored around the world.

The industry has also been paying close attention to the success of Shell/Esso's seabed Underwater Manifold Center, which went into production in the Central Cormorant field in May 1983. Its performance in the first year, during which six million barrels were produced, was far better than anticipated. Down time of 20 percent had been expected; in fact, it was

only 5 percent, most of that related to normal shutdowns on the parent platform some miles away.

Yet to make its appearance is SWOPS — BP's tanker-based Single Well Oil Production System, which, since being named, has been redesigned to handle two wells. SWOPS is intended to tap reservoirs that are unviable by conventional methods, deliver the oil ashore and then return to a given location. BP is awaiting Department of Energy approval for the project, which is expected to cost £120 million to £150 million. The company has several locations in mind for it.

A wide range of other methods is being explored in small British fields: sunsea wells in Texaco's Highlander field; a custom-built semisubmersible production vessel in Sun Oil's Balmoral; wells from Britain's Thistle platform expected to be tapping the neighboring Veron field.

Scottish companies are among those contributing in all aspects of

what has been described as the second wave of offshore development. There is increasing emphasis on the need for more home-based research and development and high technology. The oil companies' contribution to R&D will be singled out for consideration when the government evaluates applications for acreage in the current, ninth round of licensing. More than half the blocks on offer are in "frontier" areas, many of them in very deep waters.

A greater grasp of domestically based high technology is also seen as fundamental to the export drive, also being stressed as a key to the long-term involvement of Scottish companies in the offshore industry.

The opportunities are tremendous. A report earlier this year by Smith Rea Energy Associates/Hoare Govett reckoned that in the six years to 1990 almost £12 billion would be invested in marginal fields on the northwest European continental shelf, with annual demand for equipment and services

A Fragile Recovery

(Continued From Previous Page)

producers, Berkeley Glasslair and NCR.

So, sector by sector, the economy is exhibiting apparently contradictory characteristics. Mr. Salmon, the economist, argued that part of this confusion would disappear if at least three separate economies were recognized: the "regional policy economy," the smokestack economy and the foreign investment economy.

Growth is clearly happening in the last category. Silicon Glen is no longer merely an aspiration, though there has been little increase in employment in electronics over the last few years. The decline of the smokestack economy — steel, shipbuilding and coal — is mostly complete; the offshore fabrication yards are mopping up some of the shipbuilding collapse, though not much, and the future of the remaining steel and coal industry hinges on the outcome of the coal strike. It is, extraordinarily, the regional policy economy, dating from the expansionist '60s, that

has been the biggest disappointment and that now gives the most support to "black hole" Cassandra.

Scotland has already lost many of the big armistice plants of those years. In the Highlands, the Invergordon aluminum smelter has gone. So has the Fort William pulp mill. In the west, the demise of the Linwood car plant in 1981 with the loss of 4,800 jobs was a fearful blow. Most of these went under because the plants for them were either founded on false premises (for instance, that Linwood would generate its own components support) or because changing economic conditions nullified the original cost estimates.

The most recent crash, still the subject of angry debate, came into neither category, however. Leyland Vehicles has removed from its its Bathgate plant in West Lothian most of the profitable lines and has announced that the plant will close. In this case, Scotland lost out because the company had not wanted to be moved by the government in the first place.

rely on Japanese wholesalers' inventories of cashmere.

Peninsula's assistant sales manager, Kitty Lam, said one key to keep production costs low, since cashmere is never cheap, was to use the company's factory in China's special economic zone for foreign investment in Shunshun. There labor costs are cheaper, an important factor since cashmere is knit on special machines.

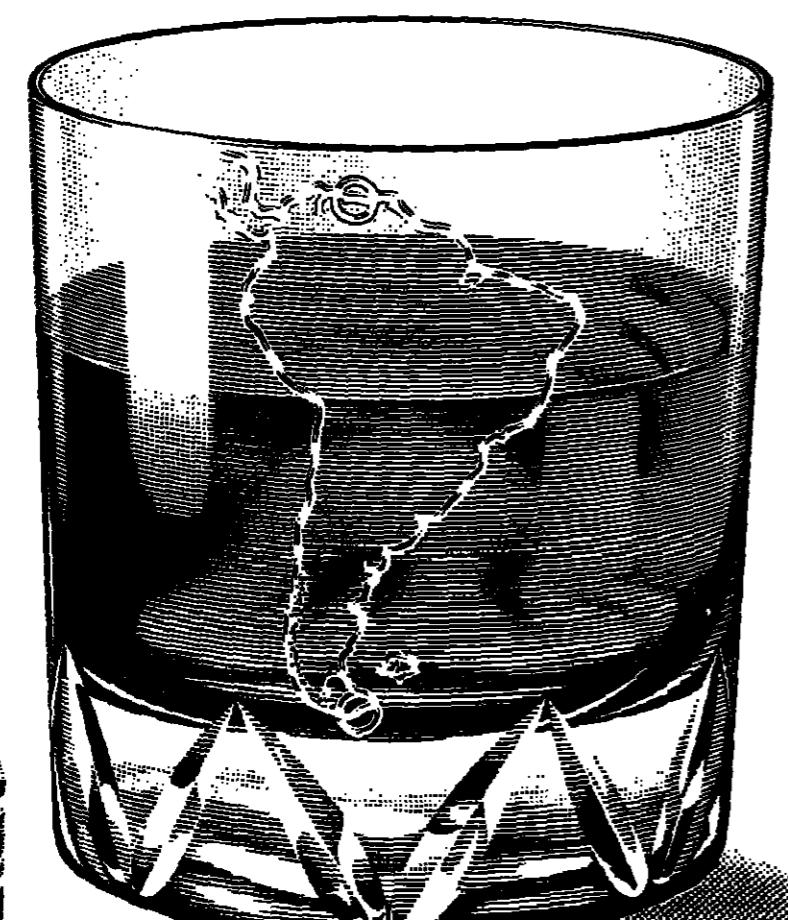
But Hong Kong's manufacturers also feel that, given the much-improved quality of their cashmere garments, they should be able to command prices as high as those for Scottish sweaters in U.S. stores.

Some Hong Kong companies are rumored to be planning factories to assemble cashmere garments in Scotland, thereby evading tough quota restriction while acquiring the status value of a Scottish product.

From January through April, women's sweater exports in fine animal hair rose 1 percent in volume from the corresponding 1983 period, to almost five million kilograms, but in value terms earned Hong Kong factories 40 percent more, at 281 million Hong Kong dollars (\$36 million). Dresses of fine animal hair increased in volume 300 percent to about 330,000 kilograms and in value 400 percent to 24 million dollars.

Finding new ways of using materials, and thereby creating a new category of garment export not subject to tough restrictions, is a constant theme in Hong Kong's competitive textile industry. Alex Blum of A.A. Blum Ltd., one of most successful Americans in the Hong Kong trade, is working on thermal underwear in a silk and cashmere mix — an item that could improve Beijing and Chicago winters alike.

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SCOTLAND



The Scottish Exhibition Centre, under construction at left, one of the projects being built by the Scottish Development Agency; artist's impression, right. The center, scheduled for



opening in September, 1985, will be a landmark in Glasgow. Total cost of construction is £36 million. The center will be a forum for trade and industrial exhibitions.

Silicon Glen's High-Technology Industry Now Coming of Age

EDINBURGH — The Scottish newspaper reader has over the last couple of years grown used to regular stories about U.S. companies starting business in "Silicon Glen." But one of the latest immigrants, from Japan, heralds a new era in Scotland's electronics industry.

Shin-Etsu Handotai, which announced this spring that it was investing £30 million in a plant at Livingston, one of the major high-technology centers in Scotland, is hardly the biggest catch in terms of jobs or hard cash. But it produces pure silicon, in ingots and wafers, filling a vital link in the electronics chain. The industry seemed to be coming of age.

The industry can be divided into three parts — semiconductors, information technology and military technology, the last two being closely related. George Mathewson, chief executive of the Scottish Development Agency (SDA), has described the semiconductor industry as a snowball that its organization has been pushing down a slope and that "is now large enough to take off and keep rolling under its own momentum."

Apart from Shin-Etsu Handotai's pure silicon, wafer-makers such as National Semiconductor, Motorola (which recently an-

nounced a £50-million expansion at its East Kilbride plant for 16-bit micro and 64K RAM wafers), Burr Brown and NEC, now completing a £50-million investment at Livingston, it provides much of the market for wafers. Productivity is high and, unlike in the semiconductor industry, Scottish start-up companies such as Fortronic, which makes banking terminals, and Future Technology Systems, which has developed multifunction business systems, are becoming a significant force.

Military electronics, too, has been providing large numbers of native success stories and jobs, though here it is large British companies such as Glasgow's Barr & Stroud, leaders in laser technology, and Ferranti (Scotland), whose subsidiaries include a world leader in the integration of computer-aided design and manufacturing systems (the turnkey CAM-K), that predominate.

Around the companies in these three areas there is significant university research going on, such as the optical computer project being led by Heriot-Watt near Edinburgh. But research is not the only key to keeping the electronics industry moving. In a recent call to the government, the employers' or-

ganization Confederation of British Industry called for a major injection of cash into public works to modernize the infrastructure. Scotland is well-served with roads but there are doubts about the long-term future of Prestwick International Airport and much of the rail system.

A recent survey showed that government aid to foreign investors was "truly immaterial" in bringing them to Scotland. Other, less publicized issues may be crucial to keeping them.

When a U.S. electronics engineer, Dave Wood, announced earlier this year that he planned to start his company Integrated Power Semiconductors in Scotland rather than in California he touched, perhaps unwittingly, upon the two most controversial problems facing the Scottish electronics industry. He said he was fed up with the "revolving door" of disloyalty to companies in Silicon Valley, and he praised the £15-million package put together by British financiers.

But though Scottish electronics workers do indeed tend to be more loyal to their employers than Americans (a 5.5-percent turnover rate, against 20 to 30 percent in the United States), there is a growing shortage of graduates in

the right subjects from Scottish universities. Scottish Office figures show a sudden decline, starting in about 1980-1981, of entrants in practical electronics.

This worries the SDA, and may be a significant barrier to steady growth. Craig Paterson of Marshall Brisbane, Scotland's largest electronics recruitment consultant firm, which works for all the major companies in Silicon Glen, said:

"The government has to provide money for more graduates, or conversion courses for the numerate supermarket of California's Monterey Forum, to help correct this. And there are signs of changing attitudes elsewhere: venture capital funds intent on finding Scottish growth companies and start-ups are beginning to appear, encouraged often by the government's tax-efficient Business Expansion Scheme, though many believe that it needs to be liberalized."

The money problem is simply that Scotland's powerful investment sector puts its portfolio money into U.S. and Japanese growth stocks, despite the U.S. electronics price crash, more readily than into British ventures. Scotland gets the crumbs of its own pension fund money.

This is largely a function of scale. There are far more U.S. proposals than Scottish ones. Caution dic-

tates a wide spread of choice, and Scotland cannot offer it.

The effect can be easily missed

among the fanfare of announcements from the multinationals. But they too need more small local start-ups if they are to benefit from an internally dynamic Scottish electronics ecosystem.

The Scottish Council (Development and Industry) is to run a venture capital forum later this year, along the lines of the technology supermarket of California's Monterey Forum, to help correct this.

And there are signs of changing attitudes elsewhere: venture capital funds intent on finding Scottish growth companies and start-ups are beginning to appear, encouraged often by the government's tax-efficient Business Expansion Scheme, though many believe that it needs to be liberalized.

Scots electronics is close to being one of Europe's modern success stories — not there, but close. Even now if some big U.S. companies left it could all unravel. But when the term Silicon Glen was coined a few years back it was more a clever advertising gimmick or a pious hope than an expression of the reality in Central Scotland. That is no longer the case.

— ANDREW MARR

Universities Develop High-Tech Links

EDINBURGH — Few buzzwords are more popular these days with government and development agencies than research and development, and cooperation between ivory-tower (or red-brick) intellectuals and super-companies searching for 21st-century technology.

Scotland is no exception. Its eight universities are developing ties with high-technology and engineering companies, and this is be-

ing actively encouraged from government halls to university engineering departments. Two recent reports — one by the independent Scottish Council (Development and Industry), the other by the Advisory Council for Applied Research and Development, an advisory group to the prime minister — have strongly advocated a stronger liaison between industry and academia. Furthermore, the Scottish Council has been encouraging small companies to investigate the research resources available to them.

A number of professors have set up businesses to market research ideas. The Scottish Development Agency (SDA) actively encourages these projects, in some cases by setting up joint ventures. So-called science parks, or industrial parks for modern technology, have been

set up. And since a number of big foreign companies have plants in Scotland — from IBM and Hewlett-Packard to Motorola and Wang — it is felt that a high-technology environment is being created.

What remains unclear is how much actual original research is being done, and how lasting and useful are the jobs created by high-technology companies. While some are highly skilled positions, others consist mostly of assembly work done by unskilled women.

The development groups and the government say that the foreign companies are expanding, which creates a need for support services around them, and in some cases setting up operations to assemble research through to assembly. George Younger, the secretary of state for Scotland, said the country was no longer seen as only a "useful branch network" for big companies. Instead, he said: "We are seen as the nucleus of a major European operation." He added: "We're backing that up with a great deal of university and educational input."

Dr. A. D. Milne, director of the Wolfson Microelectronics Institute at Edinburgh University, said: "There are a number of high-technology companies from America and Japan that have been brought in [originally] for employment." But, he said, "They are now at critical mass," spawning service industries and using very skilled technicians.

Desmond Smith, a professor of physics at Heriot-Watt University and the founder of a high-technology company, would prefer to see more original research but feels that things are going in the right direction. "I personally would like to see a bit more indigenous stuff," he said. Starting a company from indigenous research, as he did with Edinburgh Instruments, is still unusual in Scotland, he said.

"Research has not yet properly connected with new high-technology companies," Professor Smith said, adding that he expected the process to take five to ten years. Still, "Scotland has been picked by inward [foreign] investors for reasons of infrastructure, but with a very strong university system," he said. "We feel very bullish."

While a great deal of research is now military-led, Professor Smith believes the trend will increasingly be to civil research and to commercial applications of military research.

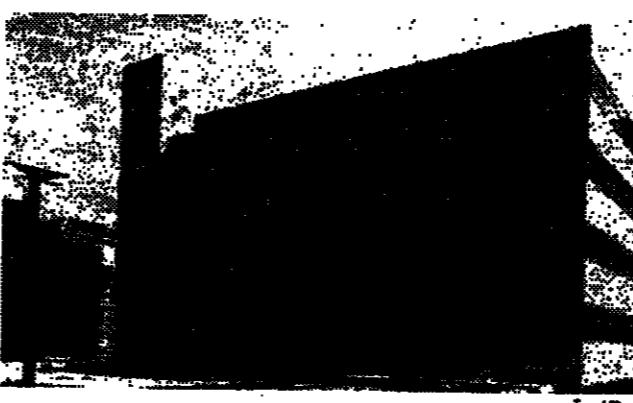
"We always try to encourage the original research," said Mr. Younger, pointing out that a great deal of original work had taken place in North Sea oil. With an urgent need for new deepwater technology, companies naturally turned to the Scottish universities.

Still, reliance on foreign companies, and the general government policy on high technology, have been severely criticized in Britain

opposite — notably, they specialize in tackling small projects for large companies.

For example, the Wolfson Institute, among other things, designs custom integrated circuits for small markets. Through its applications group, it develops certain products for companies — mostly hand-held instruments based on single-chip microcomputers. Professor Smith of Heriot-Watt emphasizes that small companies are often better at tackling certain specific problems than are big companies — leading to a combination of small-company response and flexibility with big-company research and resources.

Professor Smith's EI, which works in lasers, is an example of a



The University of Strathclyde's Wolfson Centre.

The push for greater links between university and industry is aimed largely at getting the right graduates for industry and at commercializing research.



Glasgow University.

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Powerful Advocate For Scotland in EC

By Rory Watson

EDINBURGH — She is called Madame Ecossie. Not by her constituents in the far corners of the Highlands and Islands district, the most northerly in the European Community. They simply call her Winnie. But to members of the European Parliament, Winnie Ewing, the sole Scottish National Party member of the Parliament, personifies Scotland. Not even the arrival of another formidable Scottish politician, the strongly anti-EC Labor member for Glasgow, Janey Buchanan, could threaten Mrs. Ewing's title.

Scottish authorities make regular visits to the European Commission, raising issues including fishery, energy, transport, employment and agricultural matters.

They frequently find that backing from Brussels for a project can persuade the British government of its merits. And with spending tightly controlled at home, EC cash may provide the initial stimulus needed to get a project off the ground.

Strathclyde discovered this when it became the first Scottish local authority to use EC funds to start a job creation program. The Highland region did the same for the imaginative Highland Helpcall project, which provided housebound people in remote areas with an alarm system linked to a wrist watch — the first such program in Europe and possibly the world.

Semi-government bodies such as the Highlands and Islands Development Board and the Scottish Development Agency, whose tasks include promoting the country's economy, are represented in Brussels. Government officials from the Scottish Office, which administers Scotland from Edinburgh, are increasingly putting in three- to four-year stints at the British Embassy in Brussels or at the European Commission.

The issues she has taken up in Brussels and Strasbourg range from Scottish fishing and farming interests and closures of aluminum smelters and wood processing plants, to ways of using EC money to rid her country's west coast of Scotland midgets — those dreaded bêtes noires that can upset holidaymakers' composure and plans more effectively and swiftly than the weather.

Mrs. Ewing, 55, a Glasgow-born lawyer, has benefited from her perseverance on the European stage. It kept her in the public eye after she lost her British Parliament seat of Moray and Nairn in 1979, and she has built up a sizeable personal following which helped her to reelection in the European Parliament voting in June.

Her presence in the Parliament has improved the fortunes of the Scottish National Party. After being carried along in the early 1970s by the euphoria of North Sea oil and demands for some form of Scottish autonomy, the party fell on hard times after the 1979 general election and the collapse of that year of the campaign to establish a Scottish Assembly in Edinburgh.

Largely on the basis of Mrs. Ewing's experience in the Parliament, the party jettisoned its anti-EC stand and campaigned energetically in last month's elections on a pro-community platform. The common theme repeated by the party's eight candidates was that Scotland receives a better return and deal in Brussels and Strasbourg than in London. The message apparently registered with a sizeable number of voters. Further improving the party's fortunes.

Not only the Scottish National Party has found that direct contact with the EC can bring dividends. Scottish local authorities, encouraged, it must be said, by Scotland's other Euro-MPs as well (five Labor and two Conservatives) have furthered their knowledge of and lobbying in the corridors of power in Brussels.

The movement has focused its attention on Iceland, the Faroes, Greenland and the Aalands — in the last, Finland has given a large measure of autonomy to the 21,000 islanders of Swedish stock — in its search for examples of self-government.

Shetland already has a large degree of autonomy, especially in the EC's common fisheries policy. Its system for managing fishing has proved so successful that the fisheries minister for the Azores recently visited Lerwick to see what lessons could be learned when Portugal and Spain join the EC.

Given the many political, administrative and business links between Scotland and the rest of Europe, the transport links are surprisingly few. Direct flights from Edinburgh and Glasgow go to Dublin, Paris, Amsterdam and/or Frankfurt. For any other destination, travelers must pass through London or Manchester. When it is possible to fly straight to Brussels, Scotland should feel even more a part of the European Community.

At Westminster the argument turns on the argument that Scotland might do better with a fully fledged assembly in Edinburgh. Mr. Younger denies it. Labor and the alliance grow more convinced

(Continued on Next Page)

"wet" view — holding that too much attention to curbing expenditure can be an unhealthy trend and that government has a duty to promote some expansion directly — but his battles have also won him a reputation for toughness. It is an enviable position for any minister.

Still, who would want the job? Scotland at Westminster bubbles with politics, always reminding one that the question of devolution/separation gives the debate an intensity missing elsewhere. A Tory secretary of state can burnish his reputation by saying Scotland from some of the worst cuts (though Mr. Younger is going to be very hard-pressed this summer to stop a serious drop in the level of regional aid incentives from Whitehall to Scotland), but he is always going to be in the firing line.

At Westminster the argument turns on the argument that Scotland might do better with a fully fledged assembly in Edinburgh. Mr. Younger denies it. Labor and the alliance grow more convinced

(Continued on Next Page)

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Marketing Scotch Whisky
 TOP OF SCOTCH

1983 SCOTCH WHISKY
 TOP OF THE MARKET

Winston Inte

Chairman, Mr. Ronald Miller
 profits 12% from strategic
 alliance with investors that
 will be paid to the y

summary of Results

Pringle

Ballantyne

Glenlivet

لبنان من الأصل

NYSE Most Actives									
AT&T	100	112	108.61	111.14	111.26				
AT&T B	2125	178	12	476	476	+116			
AT&T C	2121	174	12	457	457	+115			
AT&T D	2122	174	12	457	457	+115			
AT&T E	2123	174	12	457	457	+115			
AT&T F	2124	174	12	457	457	+115			
AT&T G	2125	174	12	457	457	+115			
AT&T H	2126	174	12	457	457	+115			
AT&T I	2127	174	12	457	457	+115			
AT&T J	2128	174	12	457	457	+115			
AT&T K	2129	174	12	457	457	+115			
AT&T L	2130	174	12	457	457	+115			
AT&T M	2131	174	12	457	457	+115			
AT&T N	2132	174	12	457	457	+115			
AT&T O	2133	174	12	457	457	+115			
AT&T P	2134	174	12	457	457	+115			
AT&T Q	2135	174	12	457	457	+115			
AT&T R	2136	174	12	457	457	+115			
AT&T S	2137	174	12	457	457	+115			
AT&T T	2138	174	12	457	457	+115			
AT&T U	2139	174	12	457	457	+115			
AT&T V	2140	174	12	457	457	+115			
AT&T W	2141	174	12	457	457	+115			
AT&T X	2142	174	12	457	457	+115			
AT&T Y	2143	174	12	457	457	+115			
AT&T Z	2144	174	12	457	457	+115			
AT&T AA	2145	174	12	457	457	+115			
AT&T BB	2146	174	12	457	457	+115			
AT&T CC	2147	174	12	457	457	+115			
AT&T DD	2148	174	12	457	457	+115			
AT&T EE	2149	174	12	457	457	+115			
AT&T FF	2150	174	12	457	457	+115			
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AT&T II	2153	174	12	457	457	+115			
AT&T JJ	2154	174	12	457	457	+115			
AT&T KK	2155	174	12	457	457	+115			
AT&T LL	2156	174	12	457	457	+115			
AT&T MM	2157	174	12	457	457	+115			
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AT&T RR	2162	174	12	457	457	+115			
AT&T SS	2163	174	12	457	457	+115			
AT&T TT	2164	174	12	457	457	+115			
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AT&T BB	2172	174	12	457	457	+115			
AT&T CC	2173	174	12	457	457	+115			
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AT&T YY	2194	174	12	457	457	+115			
AT&T ZZ	2195	174	12	457	457	+115			
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AT&T BB	2197	174	12	457	457	+115			
AT&T CC	2198	174	12	457	457	+115			
AT&T DD	2199	174	12	457	457	+115			
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AT&T RR	2212	174	12	457	457	+115			
AT&T SS	2213	174	12	457	457	+115			
AT&T TT	2214	174	12	457	457	+115			
AT&T UU	2215	174	12	457	457	+115			
AT&T VV	2216	174	12	457	457	+115			
AT&T WW	2217	174	12	457	457	+115			
AT&T XX	2218	174							

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U.S. Stocks
Report, Page 12

THURSDAY, JULY 19, 1984

WALL STREET WATCH

Diving Into Growth Stocks
And Not Going Under

By EDWARD ROHRECK

International Herald Tribune

Emerging or submerging — that is what investors dunked unmercifully over the past year are wondering now about smaller growth stocks.

The group, up 700 percent since 1977, more than doubled the 60-percent gain blue-chip stocks splashed to in the first year of the bull market. But since last summer they have dropped by a third, tripling the correction in the Standard & Poor's 500-stock index. And as First Boston points out, the 50 largest capitalization stocks in the S&P 500 were down 2 percent in 1984's first half while, excluding that group, the index sunk 82 percent.

Small high-technology stocks on the over-the-counter market, many of which tripled in 1982-83, have climbed back in many cases by 50 to 75 percent, and the American Stock Exchange Index, also weighted towards smaller issues, hit a new low for the year.

Yet two of Wall Street's top analysts in the emerging growth stock set see a change coming. Basically, they say the group's fast earnings coupled with the price decline in the stocks have made them attractive values again.

The research director at Morgan Stanley, Dennis Sherva, said: "Our dividend/earnings discount model shows that the group's valuations are back to the levels that existed in the summer of 1982 and far below the excessive tights reached in June 1983 and May 1981."

"A calculation of price/earnings ratios to projected growth rates also shows that the price of growth has rarely been cheaper in emerging enterprises."

Mrs. Sherva disputes the claim made by many market analysts and investment strategists that small growth stocks will underperform big stocks in any major Wall Street advance. "These emerging growth issues will outperform a rising market by anywhere from 25 to 50 percent," he asserted. "They won't get left behind."

However, he favors stocks in the group that are "more risk adverse and defensive, with moderate P/E's." The Morgan Stanley list: Angat, Community Psychiatric Centers, Harland (John), Hechinger, Pall, Molex, Sigma-Aldrich, Tellabs and Lubys' Cafeterias.

Qualities these companies share, he said, are an estimated average annual growth rate of 33 percent over the next five years, high return on equity to self-finance growth, clean balance sheets and leadership positions in their fields.

Mr. Sherva emphasized selectivity in choosing emerging growth stocks, arguing that some will be "losers" even if Wall Street does rally again.

"These can be identified by having characteristics exactly opposite of the winners," he said. "Watch out for 'fad' companies and those without proprietary products. Also, diversify among the recommended stocks even if you have a \$5,000 portfolio."

Mr. Sherva's favorite companies — as opposed to stocks — are Apollo Computer, Mentor Graphics, Network Systems, Policy Management, Stratus Computer and Systems & Computer Technology. P/E's on these fast-lane stocks, at about 30 times on average for 1984 estimated earnings, about double the multiples on the first list.

"But P/E's among the really fast growers should almost be cut in half with 1985 earnings," he noted.

William Ritter, who covers 40 emerging growth stocks for Dean Witter and does valuation research in the area, now sees the group much like it was in the summer of 1982, just before its explosive takeoff.

"Since March the stocks have shown relative strength in a down market," he observed. "In my mind this is all very similar with two years ago."

Dean Witter valuation studies for the group are in "extreme positive territory," he declared.

Because of the higher growth rate of these stocks, they enjoy a potential price appreciation considerably above the market. That potential was measured at 79 percent by Dean Witter in March

(Continued on Page 17, Col. 1)

CURRENCY RATES

Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates of 2:00 P.M. EDT.

	U.S.	Euro.	D.M.	Fr.	U.K.	Yen
Amsterdam	1.2185	4.238	112.665	50.25	1.375	100.00
Bremen (a)	1.2226	4.258	112.955	50.55	1.375	100.25
Brisbane	1.2205	4.235	112.225	50.25	1.375	100.25
London (b)	1.2125	4.275	112.925	51.65	1.375	101.75
Milan	1.21845	4.26285	113.65	50.25	1.375	101.75
New York (c)	1.2176	4.258	112.955	50.25	1.375	101.75
Toronto	1.2245	4.245	112.955	50.25	1.375	101.75
Zurich	1.2162	4.235	112.955	50.25	1.375	101.75
1.2042	4.205	112.955	50.25	1.375	101.75	100.00
1.2027	4.205	112.955	50.25	1.375	101.75	100.00

(\$1 sterling = 1.2281 Irish)

(a) Commercial rates; (b) amounts needed to buy one pound; (c) amounts needed to buy one dollar (\$1.000 units of 100's) units of 10,000.

NA: not quoted; NL: not available.

(Continued on Page 17, Col. 1)

Currency Values

Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates of 2:00 P.M. EDT.

(\$1 sterling = 1.2281 Irish)

(a) Commercial rates; (b) amounts needed to buy one pound; (c) amounts needed to buy one dollar (\$1.000 units of 100's) units of 10,000.

NA: not quoted; NL: not available.

(Continued on Page 17, Col. 1)

INTEREST RATES

Eurocurrency Deposits

	1 mo.	2 mo.	3 mo.	6 mo.	1 year
1 mo.	11.75	11.75	11.75	11.75	11.75
2 mo.	11.75	11.75	11.75	11.75	11.75
3 mo.	11.75	11.75	11.75	11.75	11.75
6 mo.	11.75	11.75	11.75	11.75	11.75
1 yr.	11.75	11.75	11.75	11.75	11.75

Interest rates available to interbank deposits of \$1 million minimum (or equivalent).

Source: Commerzbank, Bank of Tokyo, London.

(\$1 sterling = 1.2281 Irish)

(a) Commercial rates; (b) amounts needed to buy one pound; (c) amounts needed to buy one dollar (\$1.000 units of 100's) units of 10,000.

NA: not quoted; NL: not available.

(Continued on Page 17, Col. 1)

Asian Dollar Rates

July 18

1 mo. 11.75 - 11.75

2 mo. 11.75 - 11.75

3 mo. 12.14 - 12.14

6 mo. 12.14 - 12.14

1 year 12.14 - 12.14

Source: Commerzbank, Bank of Tokyo, London.

(\$1 sterling = 1.2281 Irish)

(a) Commercial rates; (b) amounts needed to buy one pound; (c) amounts needed to buy one dollar (\$1.000 units of 100's) units of 10,000.

NA: not quoted; NL: not available.

(Continued on Page 17, Col. 1)

Key Money Rates

United States

Close Prev. U.S.

Discount Rate 11.75 11.75

Prime Lending Rate 11.75 11.75

Broker Lending Rate 11.75 11.75

Commercial Paper, 30-180 days 11.75 11.75

3-month Treasury Bills 11.75 11.75

4-month Treasury Bills 11.75 11.75

CDs 30-90 days 11.75 11.75

CDs 60-90 days 11.75 11.75

West Germany

London Rate 5.50 5.50

Overnight Rate 5.50 5.50

One Month Interbank 5.50 5.50

3-month Interbank 6.15 6.15

6-month Interbank 6.45 6.45

Japan

Discount Rate 5 5

Call Money 5 5

One Month Interbank 5 5

3-month Interbank 5 5

Gold Prices

AM. 344.65 344.65

London 344.65 344.65

Paris (12.5 kgs) 348.05 348.05

Zurich 342.50 342.50

London 342.50 342.50

New York 342.50 342.50

Offices for London, Paris and Zurich, New York, Comex current contract rates in U.S. per ounce.

Source: Commerzbank, Bank of Tokyo, London.

(\$1 sterling = 1.2281 Irish)

(a) Commercial rates; (b) amounts needed to buy one pound; (c) amounts needed to buy one dollar (\$1.000 units of 100's) units of 10,000.

NA: not quoted; NL: not available.

(Continued on Page 17, Col. 1)

FDIC Plan
Readied for
Continental
Hopes Grow Dim
For Private Rescue

By Winston Williams

New York Times Service

CHICAGO — Stymied in its attempt to find a private solution for Continental Illinois National Bank & Trust Co., the federal government is preparing to assume liability for its billions of dollars in problem loans.

The plan, under which the Federal Deposit Insurance Corp. would end up owning at least 80 percent of Continental, was outlined Monday at a Washington meeting between William M. Isaac, chairman of the FDIC, and a committee of Continental directors, according to sources familiar with the proceedings.

The plan, which would severely dilute the equity of existing Continental stockholders, would not immediately involve the expenditure of new cash by the federal agency.

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BUSINESS ROUNDUP

AT&T's Profit, Sales Up in Quarter

United Press International

NEW YORK — American Telephone & Telegraph Co. reported higher profit and revenue in the most recent quarter that analysts said showed the company was making a good comeback from the traumas of divestiture.

The communications giant's earnings plummeted after the Jan. 1 spinoff of its regional operating companies. In the first quarter, AT&T earned only 20 cents a share — less than its 30 cent quarterly dividend.

Earnings for the latest period were \$455 million, or 43 cents a share, the company said. In the first quarter following divestiture, AT&T reported earnings of \$226.9 million, or 20 cents a share. Revenue was 6 percent higher than in the first period while expenses rose only 1.7 percent.

The company has said it hopes to cut costs by about 20 percent, and recently announced a plan to freeze its management salary structure through 1985.

A Merrill Lynch analyst, Leonard Hyman, said the earnings were a pleasant surprise. "It's pretty good," he said. "They're apparent-

ly earning a good rate of return on the interstate telephone business, and technology sales are up."

After the unhappy first quarter, AT&T's chairman, Charles Brown, warned the dividend might have to be cut if earnings did not improve.

AT&T has never cut its dividend in a century of operations, a record that helped make it the most widely held stock in America.

High on Mr. Brown's list of complaints was the national regulatory climate. The fees paid by AT&T to local telephone companies were scheduled to be restricted immediately after the divestiture, but federal regulators postponed the new access charges repeatedly.

"When access charges went in May 25 it substantially lowered the size of AT&T's payments to operating companies," said Neil Yelsey, a Salomon Brothers analyst who follows AT&T.

Now Mr. Yelsey added, "The company has confidence in their earnings. With 43-cent [per-share] earnings I think AT&T feels comfortable paying a 30-cent dividend, though clearly they'd like the payout ratio to be even lower than that."

Revenue for the quarter ended June 30 was \$8.63 billion after access charges were paid to local telephone companies, AT&T said. The figure was 6 percent higher than the \$8.14 billion recorded in the first quarter.

For the first six months of the year, profit was \$682 million, or 63 cents a share, and revenue after access charges was \$16.77 billion.

AT&T said it was unable to make comparisons with 1983 results for comparable periods, when the company had not yet spun off its several regional operating units.

Mr. Brown said the results are headed in the right direction, as we expected, and warrant the decision in June to continue the 30-cent dividend.

Barclays Mortgage Rate

Reuters

LONDON — Barclays Bank PLC has announced it will raise its home mortgage interest rate to 13 percent from 11 percent, effective Aug. 1. Barclays is the third major bank to raise its mortgage rate since clearing banks raised base lending rates two percentage points to 12 percent last week.

3 Airlines to Cut U.S.-U.K. Fares

International Herald Tribune

LONDON — British Airways and Trans World Airlines plan to lower their 21-day advance booking round-trip fares for trans-Atlantic flights between London and the United States.

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Ex-Officer at Penn Square Indicted

Compiled by Our Staff From Dispatches

OKLAHOMA CITY — A U.S. grand jury has returned a 34-count indictment against a former Penn Square bank executive, alleging that he misappropriated bank funds or millions of dollars in energy loans sold to major U.S. banks.

William G. Patterson, who was a senior vice president of the bank, was charged Tuesday with six counts of fraud by wire, four counts of making false entries in the bank's books to cover up his lending practices and 24 counts of misappropriating bank funds.

U.S. attorney Bill Price, said the investigation into the "go-go" shopping center bank, which collapsed in July 1982, is continuing and there may be other indictments.

The grand jury, which began its investigation in April 1983, will reconvene Aug. 20.

British Airways is also offering cheaper APEX tickets for flights originating in the United States from Nov. 1 to March 31.

A mid-week APEX fare round-trip New York-London will be reduced to \$299 during the week. Both airlines will also lower the APEX ticket price for travel to Boston, Philadelphia, Washington, and Baltimore.

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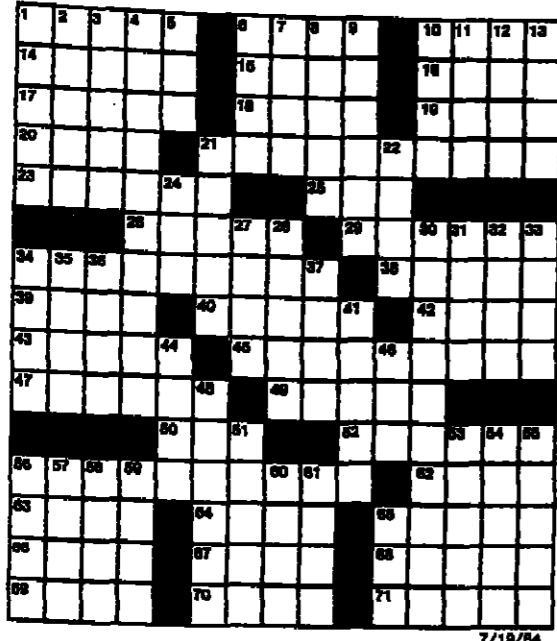
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A mid-week APE

Season Session Open High Low Close Chg.

Season	Session	Open	High	Low	Close	Chg.
Grains						
WHEAT (CBT)	5,000 bushels-dollars per bushel					
4/22	122	1,325	1,326	1,324	1,326	+0.01
4/26	127	1,324	1,325	1,324	1,324	+0.00
4/27	124	1,324	1,325	1,324	1,324	+0.00
4/28	125	1,324	1,325	1,324	1,324	+0.00
4/29	126	1,324	1,325	1,324	1,324	+0.00
4/30	127	1,324	1,325	1,324	1,324	+0.00
5/1	128	1,324	1,325	1,324	1,324	+0.00
5/2	129	1,324	1,325	1,324	1,324	+0.00
5/3	130	1,324	1,325	1,324	1,324	+0.00
5/4	131	1,324	1,325	1,324	1,324	+0.00
5/5	132	1,324	1,325	1,324	1,324	+0.00
5/6	133	1,324	1,325	1,324	1,324	+0.00
5/7	134	1,324	1,325	1,324	1,324	+0.00
5/8	135	1,324	1,325	1,324	1,324	+0.00
5/9	136	1,324	1,325	1,324	1,324	+0.00
5/10	137	1,324	1,325	1,324	1,324	+0.00
5/11	138	1,324	1,325	1,324	1,324	+0.00
5/12	139	1,324	1,325	1,324	1,324	+0.00
5/13	140	1,324	1,325	1,324	1,324	+0.00
5/14	141	1,324	1,325	1,324	1,324	+0.00
5/15	142	1,324	1,325	1,324	1,324	+0.00
5/16	143	1,324	1,325	1,324	1,324	+0.00
5/17	144	1,324	1,325	1,324	1,324	+0.00
5/18	145	1,324	1,325	1,324	1,324	+0.00
5/19	146	1,324	1,325	1,324	1,324	+0.00
5/20	147	1,324	1,325	1,324	1,324	+0.00
5/21	148	1,324	1,325	1,324	1,324	+0.00
5/22	149	1,324	1,325	1,324	1,324	+0.00
5/23	150	1,324	1,325	1,324	1,324	+0.00
5/24	151	1,324	1,325	1,324	1,324	+0.00
5/25	152	1,324	1,325	1,324	1,324	+0.00
5/26	153	1,324	1,325	1,324	1,324	+0.00
5/27	154	1,324	1,325	1,324	1,324	+0.00
5/28	155	1,324	1,325	1,324	1,324	+0.00
5/29	156	1,324	1,325	1,324	1,324	+0.00
5/30	157	1,324	1,325	1,324	1,324	+0.00
5/31	158	1,324	1,325	1,324	1,324	+0.00
6/1	159	1,324	1,325	1,324	1,324	+0.00
6/2	160	1,324	1,325	1,324	1,324	+0.00
6/3	161	1,324	1,325	1,324	1,324	+0.00
6/4	162	1,324	1,325	1,324	1,324	+0.00
6/5	163	1,324	1,325	1,324	1,324	+0.00
6/6	164	1,324	1,325	1,324	1,324	+0.00
6/7	165	1,324	1,325	1,324	1,324	+0.00
6/8	166	1,324	1,325	1,324	1,324	+0.00
6/9	167	1,324	1,325	1,324	1,324	+0.00
6/10	168	1,324	1,325	1,324	1,324	+0.00
6/11	169	1,324	1,325	1,324	1,324	+0.00
6/12	170	1,324	1,325	1,324	1,324	+0.00
6/13	171	1,324	1,325	1,324	1,324	+0.00
6/14	172	1,324	1,325	1,324	1,324	+0.00
6/15	173	1,324	1,325	1,324	1,324	+0.00
6/16	174	1,324	1,325	1,324	1,324	+0.00
6/17	175	1,324	1,325	1,324	1,324	+0.00
6/18	176	1,324	1,325	1,324	1,324	+0.00
6/19	177	1,324	1,325	1,324	1,324	+0.00
6/20	178	1,324	1,325	1,324	1,324	+0.00
6/21	179	1,324	1,325	1,324	1,324	+0.00
6/22	180	1,324	1,325	1,324	1,324	+0.00
6/23	181	1,324	1,325	1,324	1,324	+0.00
6/24	182	1,324	1,325	1,324	1,324	+0.00
6/25	183	1,324	1,325	1,324	1,324	+0.00
6/26	184	1,324	1,325	1,324	1,324	+0.00
6/27	185	1,324	1,325	1,324	1,324	+0.00
6/28	186	1,324	1,325	1,324	1,324	+0.00
6/29	187	1,324	1,325	1,324	1,324	+0.00
6/30	188	1,324	1,325	1,324	1,324	+0.00
7/1	189	1,324	1,325	1,324	1,324	+0.00
7/2	190	1,324	1,325	1,324	1,324	+0.00
7/3	191	1,324	1,325	1,324	1,324	+0.00
7/4	192	1,324	1,325	1,324	1,324	+0.00
7/5	193	1,324	1,325	1,324	1,324	+0.00
7/6	194	1,324	1,325	1,324	1,324	+0.00
7/7	195	1,324	1,325	1,324	1,324	+0.00
7/8	196	1,324	1,325	1,324	1,324	+0.00
7/9	197	1,324	1,325	1,324	1,324	+0.00
7/10	198	1,324	1,325	1,324	1,324	+0.00
7/11	199	1,324	1,325	1,324	1,324	+0.00
7/12	200	1,324	1,325	1,324	1,324	+0.00
7/13	201	1,324	1,325	1,324	1,324	+0.00
7/14	202	1,324	1,325	1,324	1,324	+0.00
7/15	203	1,324	1,325	1,324	1,324	+0.00
7/16	204	1,324	1,325	1,324	1,324	+0.00
7/17	205	1,324	1,325	1,324	1,324	+0.00
7/18	206	1,324	1,325	1,324	1,324	+0.00
7/19	207	1,324	1,325	1,324	1,324	+0.00
7/20	208	1,324	1,325	1,324	1,324	+0.00
7/21	209	1,324	1,325	1,324	1,324	+0.00
7/22	210	1,324	1,325	1,324	1,324	+0.00
7/23	211	1,324	1,325	1,324	1,324	+0.00
7/24	212	1,324	1,325	1,324	1,324	+0.00
7/25	213	1,324	1,325	1,324	1,324	+0.00
7/26	214	1,324	1,325	1,324	1,324	+0.00
7/27	215	1,324	1,325	1,324	1,324	+0.00
7/28	216	1,324	1,325	1,324	1,324	+0.00
7/29	217	1,324	1,325	1,324	1,324	+0.00
7/30	218	1,324	1,325	1,324	1,324	+0.00
7/31	219	1,324	1,325	1,324	1,324	+0.00
8/1	220	1,324	1,325	1,324	1,324	+0.00
8/2	221	1,324	1,325	1,324	1,324	+0.00
8/3	222	1,324	1,325	1,324	1,324	+0.00
8/4	223	1,324	1,325	1,324	1,324	+0.00
8/5	224	1,324	1,325	1,324	1,324	+0.00
8/6	225	1,324	1,325	1,324	1,324	



ACROSS

- 1 Composer-film maker Frank
- 6 Worn's sensory process
- 10 Cordon bleu, perhaps
- 14 Crazy Legs Hirsch
- 15 — Fria, river in Ariz.
- 16 Leander's lover
- 17 "Cathedral Music" composer, compiler
- 18 Repressed, with "up"
- 19 Nasty Nastaze
- 20 Castle, in chess
- 21 What Woody
- 22 Back to square one
- 25 Horse under-world queen
- 26 Jewish Scripture
- 29 Sound from Jamaica
- 34 Insect of musical note
- 38 Sideshow guy
- 39 TV backdrop
- 40 Festival of Apollo
- 42 Automatic behavior

DOWN

- 1 Football ref
- 2 Distant
- 3 "Stir Crazy" star
- 4 Pint-sized volume
- 5 Ahab's assent
- 6 Broadway producer
- 7 Pulitzer Prize novelist
- 8 Kind of break
- 9 Speak glibly
- 43 Option having a virgule
- 45 Cronkite's successor
- 47 "A-disket," a —"
- 48 Homophone for same
- 50 Young man
- 52 Cap feature
- 56 Footwear in the 40's
- 62 Stood
- 63 Western Samoan capital
- 64 Ollie's partner
- 65 He composed "The Rosary"
- 66 Deride
- 67 Raison d'—
- 68 Fortunate
- 69 — for Magenta
- 70 Kissed, e.g.
- 71 Confounded

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DENNIS THE MENACE



"I HOPE YOU'VE ALL SEEN HOW CLEAN THE BATHROOM IS SO I CAN USE IT NOW!"

JUMBLE

THAT SCRABBLED WORD GAME by Hank Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

HUBYS

RASCY

NAHDDDE

RICOTE

Now arrange the circled letters to form the surprise answer, as suggested by the above carbon.

(Answers tomorrow)

Yesterday's Jumble: GUIDE WOVEN ENTITY CLOVEN

Answer: "My husband found a new position — 'LYING DOWN'"

WEATHER

EUROPE

ASIA

AFRICA

LATIN AMERICA

NORTH AMERICA

MIDDLE EAST

OCEANIA

PEANUTS



YOU'VE ALREADY BEEN FEED. I REMEMBER YOUR FACE!



I DIDN'T THINK WAITERS PAID THAT MUCH ATTENTION

BLONDIE

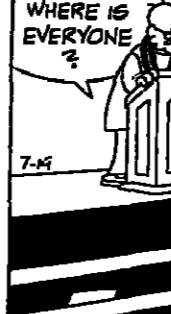


MADAME CHAIRMAN
THE FATHER OF THIS FAMILY CASTS A YES VOTE ON TONIGHT'S DINNER



YOUR FATHER'S ALWAYS LIKE THIS DURING THE POLITICAL CONVENTIONS

BEETLE BAILEY



WHERE IS EVERYONE GO? THEY HAVE A PLAYOFF FOR THE CHAMPIONSHIP THIS MORNING



IT'S NICE TO SEE SO MANY AT SERVICE TODAY

ANDY CAPP



THAT'LL BE THE GIRLS FROM WORK. IT'S MY TURN TO HAVE THE CHANCE TO SAY IF YOU LIKE NOT ON YOUR LIFE! I'M OFF!

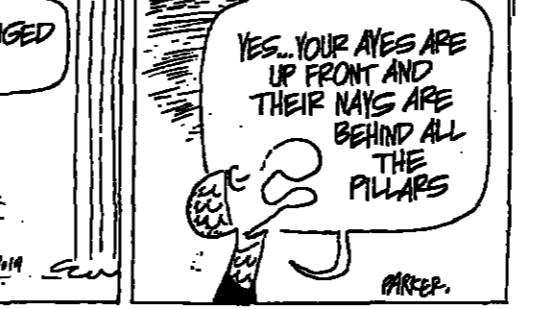


WORKERS OF THE WORLD UNITE

WIZARD OF ID



THE DELEGATES ARE ASSEMBLED, SIRE! DO YOU HAVE THEM ARRANGED AS I ORDERED?

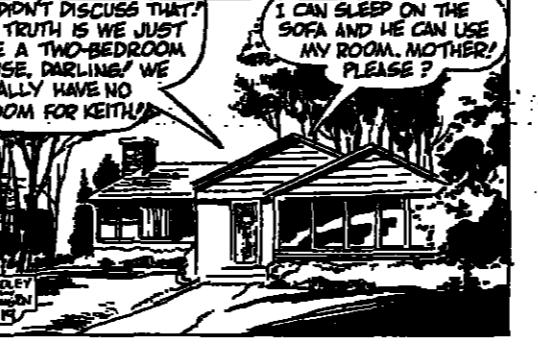


YES, YOUR EYES ARE UP FRONT AND THEIR NAYS ARE BEHIND ALL THE PILLARS

REX MORGAN



DID SHE TELL HIM HE COULD STAY HERE WITH US? WE DON'T DISCUSS THAT! THE TRUTH IS WE JUST HAVE A TWO-BEDROOM HOUSE, DARLINGS! WE REALLY HAVE NO ROOM FOR KEITH!

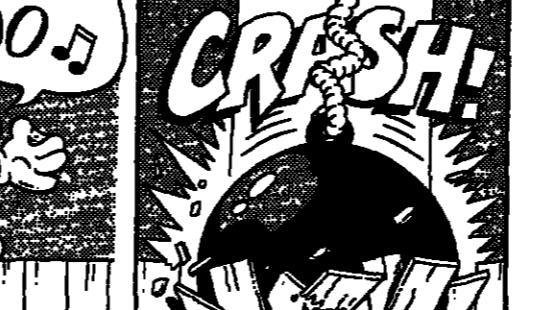


I CAN SLEEP ON THE SOFA AND HE CAN USE MY ROOM, MOTHER, PLEASE?

GARFIELD



OKAY, YOU TURKEYS, I'M PREPARED FOR ANYTHING



AROOOOO CRASH!

Canadian Stock Markets

Prices in Canadian cents unless marked \$

Toronto

High Low Close Chg.

1400 Adit. Price

16200 Amcile E

16200 Amcile F

17000 Amcile G

100 Amcile St

100 Amcile St

44 Asbestos

5000 Atco

12335 Bp Canada

4000 Bp Canada

4000

SPORTS

Norman Vaults to Role as Favorite in British Open

By Gordon S. White Jr.

New York Times Service

NEW YORK — When Greg Norman survived an atrocious approach shot into the bleachers and rolled in a curling 40-foot par putt from the left fringe of the 18th hole at Winged Foot June 17, the 29-year-old Australian did more for a playoff with Fuzzy Zoeller for the U.S. Open championship. He also got the attention of golf fans everywhere.

They had known about Norman's long, long tee shots, but paid scant heed to him otherwise. With that eye-catching finish, Norman, a big blond who is known as the Shark, suddenly was recognized as a special golfer — one with the excitement of distance and an attractively relaxed attitude. He has time for a joke or two, even in defeat.

He waved a white towel of surrender at Zoeller on the final green of the Open playoff that Zoeller won by a record 8 strokes, and after earning \$43,200 in the recent Western Open when he lost on the third hole of a sudden-death playoff to Tom Watson, he said, "My bank manager's happy."

After the Open, Norman began

to hear, "Go Greg!" more often from hundreds in the gallery.

"You play well and you get their attention," he said. "You play poorly and no one really pays much attention."

Norman has been playing better than anybody else. He began the hot streak with a victory in the Kemper Open June 3. Two weeks later, he finished second in the Open then tied for 10th in the Georgia-Pacific Atlanta Classic June 24. He outdueled Jack Nicklaus in the final round to win the Canadian Open July 1 and then placed second to Watson in the U.S. tour for the first time in his career.

His two firsts and two seconds were achieved against the best of the game on four of the strongest courses the pros play this year — Congressional, Winged Foot, Glen Abbey, and Butler National. And in that span he earned a total of \$244,200.

Thus he is in peak form for this week's British Open, which begins Thursday. The setting is St. Andrews Old Course in Scotland. Norman is ready. So is Watson, who hopes to tie Harry Vardon with his sixth British Open title, and so is Jack Nicklaus, who won the last two British titles contested at St. Andrews, in 1970 and 1978.

Said Watson: "Obviously, over the last six weeks Greg has played better golf than anyone else in the world. You have to consider him the favorite for the British Open."

Norman has been a big winner on the European, the Australian and the Japanese circuits over the last few years — he won five of seven tournaments he played in toward the end of last year outside of the United States — and he insists he is playing the same as he always has. But he has made such an impression on the public recently because he has been winning on the U.S. tour for the first time in his career.

"It's easier to do — distance and then accuracy," Norman said. "Seve Ballesteros did it that way. I'm sure. He started out hitting as far as he could and then worked on accuracy."

Ballesteros, the flamboyant Spaniard, hit long, wide shots, and first attracted world attention by winning the British Open and Masters by recovering from parking lots and wrong fairways.

"Then I began doing lots of surfing and swimming and football. I had a very good physical-education teacher at school who was a specialist in developing lower-back and leg muscles. I got on machines and weights. The swimming and surfing helped upper-body muscles. But look at a photograph of me as a little kid — I was skinny

and sort of like one of those before-and-after things."

He didn't play golf until he was 16, when he caddied for his mother, who had a 3 handicap. "I was enjoying swimming and surfing too much," Norman said of his late start.

He was a big hitter from the onset. "My coach, Charlie Erp, taught me to hit the ball as far as I could and not to worry about accuracy," he said. "I think everybody should do that when they start out. I used to kill it. Then I worked to perfect the straight ball."

"It's easier to do — distance and then accuracy," Norman said.

"I think every young American player coming out of college should play on the European tour," he said. "Then they'd realize how good it is in this country with the practice facilities, locker facilities and courses. You drive up to a course in Europe and change your shoes in the car and go hit."

As a rule, Norman does not get irritated on the golf course. His playoff with the fun-loving Zoeller was a showcase of excellent and relaxed championship golf.

"The most difficult shot in golf is the accurate, long drive," Norman said.

Norman said he was clocked at a speed machine early this month, and that his drive measured "130 miles an hour at impact" — 209.2 kilometers an hour. "I was about

132 miles an hour back in 1977 and 1978. They told me that was the fastest anyone had been timed."

Norman's power was on display in the Open, especially at Winged Foot's par-4, 456-yard ninth hole. In the first two rounds he hit his drives so far that he needed only wedge shots of about 143 yards to reach the green. The hole normally plays at a par 5 for members, about 480 to 490 yards.

Ballesteros and Norman honed their games on foreign courses before achieving success in the United States. Norman thinks it's a good practice.

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"If I'm enjoying golf, I want others to enjoy it as well," Norman said. "The people coming out to watch me should enjoy it also. Golf really is that way. Why get upright



United Press International

Norman, left, with Fuzzy Zoeller in the U.S. Open playoff.

hitting that little ball? Sure, I get upset at myself on a very bad shot. But I can't understand why people get so keyed up and upset over what happens to a little golf ball. I would like to see a lot more players play and relax."

"The first time I played St. Andrews in 1978 I'll never forget, I was 10 yards off one of those big greens in a little swale. But I was 90 yards from the pin. I hit a nearly full wedge shot. Can you imagine — a full wedge from 10 yards off a green? Those greens are pretty big."

"One thing you learn in this competition is you can't be a lay-up player. You have to be aggressive. The guys who play conservative golf are the guys in trouble."

Like David Graham, an Australian raising his family in Dallas, Norman plans to live in the United States for years.

His 40-foot putt, he said, provided a feeling of welcome. "Now, wherever I play in the United States, I feel at home, just as if I am playing before a home crowd," he said. "I've always felt this way in the British Open. So I'm looking forward to it."

N.Y./Eric Kripke

Greg Norman
Getting their attention.

Compiled by Our Staff From Dispatches

Padres Win on Garvey's 3 RBIs

Compiled by Our Staff From Dispatches

CHICAGO — Steve Garvey hit a home run and drove in three runs

as the San Diego Padres to lead the Chicago Cubs here Tuesday. Their third victory in a row put the Padres 17 games over .500 (33-36), a club record. No other San Diego team has ever been at .500 or above this far in the season.

Garvey, whose 1,101 career RBIs ranks ninth among active players, drove in a run with a first-inning

roundout, made it 5-1 when he when he homered off Steve Trout (9-4) in the fifth and doubled and scored another as the Expos' 20th victory. Smith (8-7) walked one and struck out five in posting his second shutout and second complete game of the season.

Astros 3, Mets 2

In Houston, Mark Bailey's two-run homer in the ninth put the Astros past New York, 3-2. After the Mets had gone ahead in the top of the inning, reliever Doug Sisk (1-2) walked Terry Puhl with one out and Bailey followed with his seventh home run of the season and third in three games.

Keith Moreland greeted reliever Rich Gossage with a two-run home in his second of the game and ninth of the year, to cut the Padre lead to 6-5. Gossage avoided further damage when Ron Cey flied out to right to end the inning. Gossage then retired the side in order in the ninth for his 16th save of the year.

Phillies 4, Reds 3

In Cincinnati, Steve Carlton and Bobo Johnson had a double-brown in the record books with two separate milestones as Philadelphia downed the Reds, 4-3.

Carlton (8-6) walked two and struck out eight to reach the 100-strikeout mark for the 18th straight year, tying him with Hall of Famer Johnson. The victory was the 308th of Carlton's career, tying him with Johnson for 11th place on the all-time list. The winners' Sixth Legion hit two homers.

Dodgers 5, Pirates 0

In Pittsburgh, Ken Landreau hit a sacrifice fly and broke up José McLeon's no-hitter with a seven-inning home run to help Los Angeles end the Pirates' game-winning streak with a 5-0 verdict. Alejandro

Pen (11-4) pitched a five-hitter for his fourth shutout of the season.

Expos 2, Braves 0

In Montreal, Bryan Smith shut down Atlanta on five hits and Tim Raines drove in a run and scored another as the Expos' 20th victory. Smith (8-7) walked one and struck out five in posting his second shutout and second complete game of the season.

Mariners 3, Brewers 1

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Indians 9, Royals 7

Indians 6, Royals 2

In Kansas City, Missouri, George Vukovich and Jerry Wileard each doubled home a run during a three-run fourth to boost Cleveland to a 6-2 decision and a doubleheader sweep of the Royals. In the 9-7 opener, the winners' Carmen Castillo hit a two-run home run and Julio Franco had two RBIs on a double and a sacrifice fly.

Angels 5, Blue Jays 3

In the American League, in Anaheim, California, Reggie Jackson's 493rd career homer, a two-run shot that capped a three-run fourth, boosted California past Toronto, 5-3. Jackson's 15th home run of the season tied him with Lou Gehrig for 13th place on the all-time list.

"It boosted my ego, although mine probably doesn't need it," said Jackson, whose next goal is 500, then 511 of Mel Ott.

Rangers 10, Yankees 4

In New York, Tommy Dunbar's first major-league homer, a three-run shot in the fifth, provided the decisive run in Texas's 10-4 defeat of the Yankees. In a battle of knuckleballers, Charlie Hough (10-7) went the distance to best Phil Niekro. Hough allowed 10 hits, struck out 5 and walked none in winning for the eighth time in his last nine decisions. The 36-year-old registered his 11th complete game in ending the Rangers' four-game losing streak and halting a six-game New York winning streak.

(UPI, AP)

Orioles 3, White Sox 2

In Detroit, Darrell Evans' two-run home run capped a three-run first and Dan Pfeir and Willie Hernandez combined on a five-hitter to lead the Tigers over Chicago, 3-2.

Pfeir raised his record to 12-4 with 5 strikeouts and 1 walk in 7 1/3 innings. Hernandez posted his 17th save.

Giants 7, Cardinals 2

In St. Louis, Joel Youngblood and Brad Wallin each hit two runs and Marry Barrett drove in as many paces in San Francisco's 7-2 victory over the Cardinals. Mike Krukow (6-8) went six-plus innings before Minton came on. Joaquin Andujar (12-8) took the loss.

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ART BUCHWALD

Gauging Convention Ire

WASHINGTON — The one political convention needs is ire. The more ire a political party can produce, the more excitement for the delegates, the media and the TV viewers.

Hermin Schmidlapp, who has been measuring ire at political conventions for 40 years, rates this Democratic convention 4.5 on an ire scale of 10. (The 1968 Democratic convention in Chicago was 9.3.)

"I always discount media ire in my calculations," Schmidlapp told me, "because they carry ire with them no matter what story they're covering. This time their ire has been aimed at Moscone Center, where most of them have been seated in the bunker three miles from the podium. So they have to watch TV to find out what's going on. Even the people reporting on the TV screens have to watch TV monitors to know what's happening in the hall."

"What kind of ire do you measure?" I asked.

"The ire over the party platform, the choice of the vice president, and how angry the delegates are about the way the convention is being run."

"This time around Fritz Mon-

Thieves Steal Crucifix From Titian Museum

The Associated Press

PIEVE DI CADORE, Italy — Thieves broke into the house where the Renaissance painter Titian was born and stole a 15th-century crucifix, police said Wednesday. The house is a national monument and Titian museum.

The thieves took only the hand-carved wooden cross and ignored several other valuable possessions of the famous painter, police said. Titian, whose real name was Tiziano Vecellio, was born in this northern Italian town near Udine in 1490 and became one of the most influential painters of the Renais-

sance — he assured the nomination, so there is no contest, and while I've detected some ire in the Hart camp, they seem more resigned than irate than their boy didn't make it."

"There must be a lot of ire by Jackson supporters."

"That was to be expected, but Jackson's been running on ire. He's been angry at everything, and since he hasn't been consulted on anything and he feels he was short-changed in delegates, his ire has been a big factor in my giving this convention a 4.5. Without Jackson, I might have downgraded the ire factor to a 1.7."

"You can't measure the ire factor of a Democratic convention to a Republican one. It's like comparing Michael Jackson to Pat Boone. Democratic conventions are supposed to be brawls. They thrive on floor fights and demonstrations and cutting deals. When Kennedy said he wasn't a candidate and Mondale wrapped up the nomination and picked a woman as his running mate, all the ire went out of the convention. Also since the Democrats are not in power, there are no angry street demonstrations to raise the ire of the people inside and outside the convention hall."

"The only time I thought I might have to raise the ire factor was last Sunday when Mondale tried to fire Charles Manatt, the Democratic Party chairman, and wanted to replace him with Bert Lance. Everyone was furious and you could smell real ire in the air. The funny thing was no one had ever heard of Manatt before he was fired. But when it leaked out that Mondale had done it, the party was torn apart and all you heard was 'How could Mondale do that to Chuck?'" Then when Fritz hopped and said Manatt could stay, the ire calmed down and everyone was happy he was staying, although no one had any idea what the hell Manatt did."

"Wasn't the ire more over making Bert Lance Democratic campaign manager?" I asked.

"That's true. When I heard one of Mondale's strongest supporters say 'Making Bert Lance Democratic campaign chairman is like appointing John DeLorean the head of General Motors,' I raised my ire factor at the convention by one point."

The biographer says Porter's story to the FBI "is purely and simply a malignant reinterpretation of everything she knew about Josie's history almost from the time they had met, and if destruction was her purpose, it was also a particularly clever interpretation since it left Katherine Anne herself the only person in a position to prove or disprove what she said. Of the seven points listed in the amplifications, six have reference as sources only to Katherine Anne."

Those include an alleged meeting between Herbst and a French Communist in Paris, an allegation that Herbst tried to obtain entrance to the United States for German Communists in 1935 and an allegation that Herbst was interested in causing bloodshed and prolonging strikes.

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Langer, who describes herself as a radical writer, acknowledges that Herbst, who was known as Josie, was radical.

"But there is no way — there is absolutely no way — she could have been traveling as a courier to and from Moscow," Langer writes.

"The times and places simply do not add up. Josie did not go to the Soviet Union in 1935; she did not live there for two years following her brief visit earlier in the decade; and there is nothing in her correspondence with Katherine Anne over those years that suggests she did."

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